

UNVERIFIED AI OUTPUT IN PROFESSIONAL WORK

The Cost of Unverified AI Output

In each of the three matters below, the AI system performed as instructed and no one verified the output before it left the organisation. In each, the consequence attached to the organisation that published the work, and in none of them to the tool.

Arabyads Holding Limited v Gulrez Alam Marghoob Alam

[2025] ADGMCFI 0032
ADGM Court of First Instance, Justice Paul Heath KC
Judgment 18 December 2025

THE OUTPUT A defence that cited authorities which did not exist, or which did not support the propositions advanced. The research had been carried out with a generative AI tool and was not verified before filing.

THE FINDING The Court described the failure to verify as reckless and as a breach of the ADGM Court Rules of Conduct, and characterised the conduct as unreasonable, if not improper.

AED 282,508 in costs ordered against the defendant's former legal representatives on the indemnity basis. The client was not made to bear them. The order attached to the firm.

PwC Middle East

Four published thought-leadership reports, 2024 to 2026
Findings published by GPTZero, July 2026

THE OUTPUT Reports found to contain fabricated citations and claims that a PwC framework had been adopted by named governments, for which no public evidence exists. One report was assessed as substantially AI-generated.

THE RESPONSE PwC Middle East stated that it takes the accuracy of its published research seriously and was updating a limited number of supporting citations.

No fine and no refund. The cost was borne in public, on the firm's own name, by work that carried the firm's name to its clients and to the market.

Deloitte Australia

Independent assurance review for the Department of Employment and Workplace Relations
Published July 2025; corrected and partially refunded October 2025

THE OUTPUT A commissioned report containing academic references that do not exist and a quotation attributed to a Federal Court judge that was never given, produced with a generative AI model licensed by the client.

THE RESPONSE Deloitte reissued the report with corrected references and agreed to repay part of the fee to the department.

Partial refund of the AU\$440,000 contract value to a government client, and the correction made on the public record.

Sources. *Arabyads Holding Limited v Gulrez Alam Marghoob Alam* [2025] ADGMCFI 0032, and the commentary of Herbert Smith Freehills Kramer (January 2026), Outer Temple Chambers, and Morgan Lewis (February 2026), which reports the costs figure. GPTZero, "Chasing the Hallucinations", July 2026, and City A.M. reporting of PwC Middle East's response. Accounting Times, "Deloitte to refund government after using AI in \$440k report", 9 October 2025.

THE UNITED ARAB EMIRATES

Which UAE authority governs which AI question

Counsel advising into the UAE answer to four layers of authority at once. The layers are stable even where the individual rules are not. Which of them a client actually sits on is the first question in any matter, and the one most often answered by assumption.

LAYER	AUTHORITY	INSTRUMENTS	WHAT IT GOVERNS, AND WHOM IT REACHES
LAYER ONE Federal	Federal Authority for Artificial Intelligence and Data, reporting to the Cabinet; announced 14 June 2026, consolidating the AI Office, the TDRA's Information and Digital Government Sector, and the Emirates Data Office.	Federal Decree-Law No. 45 of 2021 on the protection of personal data; the UAE AI Charter (2024); the National Strategy for Artificial Intelligence 2031.	Personal data processing, including automated processing, with extraterritorial reach over processing that touches UAE residents' data from anywhere in the world. Federal AI rulemaking from June 2026 onward issues here.
LAYER TWO Free zone	The DIFC Commissioner of Data Protection and the ADGM Office of Data Protection, each administering its own regime.	DIFC Data Protection Regulation 10, in force 1 September 2023; ADGM Data Protection Regulations 2021.	Deployers and operators of autonomous and semi-autonomous systems processing personal data in the DIFC: five design principles, an Autonomous Systems Officer, and no high-risk processing absent certification. The ADGM regulations carry a right in respect of automated processing.
LAYER THREE Sector	The Central Bank of the UAE, the DFSA, the SCA, and the ADGM Financial Services Regulatory Authority.	CBUAE Guidance Note on Consumer Protection and Responsible Adoption and Use of Artificial Intelligence and Machine Learning, 23 February 2026; the joint Guidelines for Financial Institutions Adopting Enabling Technologies.	Licensed financial institutions. The Guidance Note sets five principles: governance and accountability, fairness and non-discrimination, transparency and explainability, effective human oversight, and data management and privacy.
LAYER FOUR Judicial	The DIFC Courts, the Digital Economy Court, the ADGM Courts, and Abu Dhabi's Court of the Future.	DIFC Courts Practical Guidance Note No. 2 of 2023, 21 December 2023; the ADGM Court Rules of Conduct, as applied in [2025] ADGMCFI 0032.	AI use in proceedings. PGN 2/2023 requires parties to make the court aware of the use of AI systems, the source of AI-generated content, and any limitations or biases of the system. The obligation applies from the first filing, before any enforcement.

Placing a client on the map

- Onshore or free zone.** Establish which jurisdiction the entity and the processing actually sit in, distinguishing onshore UAE from the DIFC, the ADGM, and the other free zones with their own regimes. Layer one reaches most of them; layer two applies only inside its own zone.
- Regulated sector or not.** A licensed financial institution answers to layer three in addition to the layers above it; an unregulated business does not.
- Before a court or not.** Any matter that will be filed answers to layer four from the first document, and the disclosure obligation is met at drafting, not reconstructed afterward.

Instruments and authorities as at 22 September 2026; the federal layer is still moving, and the Federal Authority's rulemaking from June 2026 forward should be checked at the date of any advice. Not advice on UAE law; application to a specific matter requires UAE-qualified counsel.

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