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Russian Supreme Court: consumer protection law does not apply if goods were purchased by a company

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The Russian Supreme Court has reviewed a [dispute](#)* between the owner of a British luxury car and the brand's former local representative office.

The car owner filed a lawsuit, citing numerous breakdowns during the warranty period. He demanded a refund of the purchase price, compensation for the difference between a new and used vehicle, and a daily penalty of 1% of the car's price for each day his claims went unsatisfied.

An expert examination confirmed the technical validity of the claim. The court of first instance upheld the plaintiff, awarding him nearly RUB 100m (approx. EUR 1.04m). The court of appeal and cassation court partially overturned this decision, reducing the penalties on procedural grounds.

The Supreme Court's position

The Supreme Court focused on a key detail: while the car had been transferred between individuals, it was originally purchased by a commercial entity under a leasing agreement. Moreover, this entity was not a professional car dealer and used the vehicle for its own business needs. That meant that the car had not been acquired for the purposes covered by the Consumer Protection Law. Consequently, the provisions of the Consumer Protection Law do not apply to the plaintiff's claims. The case has been sent for a new hearing.

Why is this important?

The Consumer Protection Law does not explicitly regulate situations where a legal entity appears in the ownership chain of a consumer good – for example, a car. Until now, courts have only taken into account the ultimate owner. If that person was an individual using the goods for non-business purposes, courts would apply the Consumer Protection Law.

Now courts must examine the entire chain of ownership. If it turns out that the goods were ever used by a legal entity or an entrepreneur for business purposes, then the Consumer Protection Law will not apply.

The Supreme Court's new position may affect the cases involving the sale of company assets in bankruptcy proceedings, as well as the sale of written-off enterprise property. The new clarifications may also affect technically complex goods (primarily cars) imported through parallel import channels.

** In Russian*

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