



Late Payment of Commercial Debts (Interest) Act 1998

1998 CHAPTER 20

PART II

CONTRACT TERMS RELATING TO LATE PAYMENT OF QUALIFYING DEBTS

10 Interpretation of Part II

(1) In this Part—

“contract term” means a term of the contract creating the debt or any other contract term binding the parties (or either of them);

“contractual remedy” means a contractual right to interest or any contractual remedy other than interest;

“contractual right to interest” includes a reference to a contractual right to charge interest;

“overall remedy”, in relation to the late payment of the debt, means any combination of a contractual right to interest, a varied right to statutory interest or a contractual remedy other than interest;

“substantial remedy” shall be construed in accordance with section 9.

(2) In this Part a reference (however worded) to contract terms which vary the right to statutory interest is a reference to terms altering in any way the effect of Part I in relation to the debt (for example by postponing the time at which interest starts to run or by imposing conditions on the right to interest).

(3) In this Part a reference to late payment of the debt is a reference to late payment of the sum due when the debt is created (excluding any part of that sum which is prevented from carrying statutory interest by section 3).