
STATUTORY INSTRUMENTS

2002 No. 1674

The Late Payment of Commercial Debts Regulations 2002

Amendments of the Late Payment of Commercial Debts (Interest) Act 1998

2.—(1) The Late Payment of Commercial Debts (Interest) Act 1998⁽¹⁾ shall be amended as follows.

(2) Section 2(5)(c) and (6) (the Secretary of State's power to specify by order categories of contracts as excepted contracts) are repealed.

(3) Section 3(4) and (5) (debts not to carry statutory interest if specified in an order made by the Secretary of State) are repealed.

(4) After section 5, there shall be inserted the following section—

“Compensation arising out of late payment

5A.—(1) Once statutory interest begins to run in relation to a qualifying debt, the supplier shall be entitled to a fixed sum (in addition to the statutory interest on the debt).

(2) That sum shall be—

- (a) for a debt less than £1,000, the sum of £40;
- (b) for a debt of £1,000 or more, but less than £10,000, the sum of £70;
- (c) for a debt of £10,000 or more, the sum of £100.

(3) The obligation to pay an additional fixed sum under this section in respect of a qualifying debt shall be treated as part of the term implied by section 1(1) in the contract creating the debt.”