



Late Payment of Commercial Debts (Interest) Act 1998

1998 CHAPTER 20

PART I

STATUTORY INTEREST ON QUALIFYING DEBTS

[^{F1}5A Compensation arising out of late payment

- (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 £1000, the sum of £40;
 - (b) for a debt of £1000 or more, but less than £10,000, the sum of £70;
 - (c) for a debt of £10,000 or more, the sum of £100.
- [If the reasonable costs of the supplier in recovering the debt are not met by the fixed ^{F2}(2A) sum, the supplier shall also be entitled to a sum equivalent to the difference between the fixed sum and those costs.]
- (3) The obligation to pay [^{F3}a 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.]
 - [^{F4}(4) Section 3(2)(b) of the Unfair Contract Terms Act 1977 (no reliance to be placed on certain contract terms) shall apply in cases where a contract term is not contained in written standard terms of the purchaser as well as in cases where the term is contained in such standard terms.
 - (5) In this section “contract term” means a term of the contract relating to a sum due to the supplier under this section.]
 - [^{F5}(4) Section 17(1)(b) of the Unfair Contract Terms Act 1977 (no reliance to be placed on certain contract terms) shall apply in cases where a contract term is not contained in

Changes to legislation: There are currently no known outstanding effects for the Late Payment of Commercial Debts (Interest) Act 1998, Section 5A. (See end of Document for details)

written standard terms of the purchaser as well as in cases where the term is contained in such standard terms.

- (5) In this section “contract term” means a term of the contract relating to a sum due to the supplier under this section.]

Textual Amendments

- F1** S. 5A inserted (7.8.2002) by S.S.I. 2002/335, **reg. 2(5)** (with reg. 4)
 S. 5A inserted (7.8.2002) by S.I. 2002/1674, **reg. 2(5)**
- F2** S. 5A(2A) inserted (16.3.2013 for E.W. N.I. and 29.3.2013 for S.) by *The Late Payment of Commercial Debts Regulations 2013* (S.I. 2013/395), regs. 1(1), **3(2)** (with reg. 1(3)); *The Late Payment of Commercial Debts (Scotland) Regulations 2013* (S.S.I. 2013/77), regs. 1(1), **3(2)** (with reg. 1(3))
- F3** Words in s. 5A(3) substituted (16.3.2013 for E.W. N.I. and 29.3.2013 for S.) by *The Late Payment of Commercial Debts Regulations 2013* (S.I. 2013/395), regs. 1(1), **3(3)** (with reg. 1(3)); *The Late Payment of Commercial Debts (Scotland) Regulations 2013* (S.S.I. 2013/77), regs. 1(1), **3(3)** (with reg. 1(3))
- F4** S. 5A(4)(5) inserted (E.W. N.I.) (16.3.2013) by *The Late Payment of Commercial Debts Regulations 2013* (S.I. 2013/395), regs. 1(1), **3(4)** (with reg. 1(3))
- F5** S. 5A(4)(5) inserted (S.) (29.3.2013) by *The Late Payment of Commercial Debts (Scotland) Regulations 2013* (S.S.I. 2013/77), regs. 1(1), **3(4)** (with reg. 1(3))

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