



# Late Payment of Commercial Debts (Interest) Act 1998

## 1998 CHAPTER 20

### PART II

#### CONTRACT TERMS RELATING TO LATE PAYMENT OF QUALIFYING DEBTS

#### **8 Circumstances where statutory interest may be ousted or varied**

- (1) Any contract terms are void to the extent that they purport to exclude the right to statutory interest in relation to the debt, unless there is a substantial contractual remedy for late payment of the debt.
- (2) Where the parties agree a contractual remedy for late payment of the debt that is a substantial remedy, statutory interest is not carried by the debt (unless they agree otherwise).
- (3) The parties may not agree to vary the right to statutory interest in relation to the debt unless either the right to statutory interest as varied or the overall remedy for late payment of the debt is a substantial remedy.
- (4) Any contract terms are void to the extent that they purport to—
  - (a) confer a contractual right to interest that is not a substantial remedy for late payment of the debt, or
  - (b) vary the right to statutory interest so as to provide for a right to statutory interest that is not a substantial remedy for late payment of the debt,unless the overall remedy for late payment of the debt is a substantial remedy.
- (5) Subject to this section, the parties are free to agree contract terms which deal with the consequences of late payment of the debt.