
STATUTORY INSTRUMENTS

2002 No. 1675

**CONTRACTS, ENGLAND AND WALES
CONTRACTS, NORTHERN IRELAND**

**The Late Payment of Commercial Debts
(Rate of Interest) (No. 3) Order 2002**

<i>Made</i>	- - - -	<i>22nd June 2002</i>
<i>Laid before Parliament</i>		<i>28th June 2002</i>
<i>Coming into force</i>	- -	<i>7th August 2002</i>

The Secretary of State, having considered the extent to which it may be desirable to set the rate of statutory interest so as to protect suppliers whose financial position makes them particularly vulnerable if their qualifying debts are paid late and deter generally the late payment of qualifying debts, with the consent of the Treasury, in exercise of the power conferred on her by section 6 of the Late Payment of Commercial Debts (Interest) Act 1998⁽¹⁾, and of all other powers enabling her in that behalf, hereby makes the following Order:—

Citation, commencement and extent

1.—(1) This Order may be cited as the Late Payment of Commercial Debts (Rate of Interest) (No. 3) Order 2002 and shall come into force on 7th August 2002.

(2) This Order extends to England and Wales and Northern Ireland⁽²⁾.

Revocation

2. The Late Payment of Commercial Debts (Rate of Interest) (No. 2) Order 1998⁽³⁾ is hereby revoked.

Interpretation

3. In this Order, “the official dealing rate” means the rate announced from time to time by the Monetary Policy Committee⁽⁴⁾ of the Bank of England (“the Bank”) and for the time being in force

(1) 1998 c. 20.

(2) The functions of the Secretary of State under the Late Payment of Commercial Debts (Interest) Act 1998, insofar as they relate to Scotland, have been transferred to Scottish Ministers by virtue of section 53 of the Scotland Act 1998 (c. 46).

(3) S.I. 1998/2765.

(4) The Monetary Policy Committee was constituted on a statutory basis by section 13 of the Bank of England Act 1998 (c. 11).

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

as the official dealing rate, being the rate at which the Bank is willing to enter into transactions for providing short term liquidity in the money markets.

Rate of statutory interest

4. The rate of interest for the purposes of the Late Payment of Commercial Debts (Interest) Act 1998 shall be 8 per cent per annum over the official dealing rate in force on the 30th June (in respect of interest which starts to run between 1st July and 31st December) or the 31st December (in respect of interest which starts to run between 1st January and 30th June) immediately before the day on which statutory interest starts to run.

22nd June 2002

Nigel Griffiths
Parliamentary Under-Secretary of State for
Small Business
Department of Trade and Industry

We consent to the making of this Order

14th May 2002

Anne McGuire
Tony McNulty
Two of the Lords Commissioners of Her
Majesty's Treasury

EXPLANATORY NOTE

(This note is not part of the Order)

This Order replaces the Late Payment of Commercial Debts (Rate of Interest) (No. 2) Order 1998 (S.I.1998/2765), which is revoked by Article 2.

The Late Payment of Commercial Debts (Interest) Act 1998 (“the Act”) provides qualifying creditors with a statutory right to claim interest on qualifying debts from qualifying debtors. This Order, made under section 6 of the Act, sets the rate of statutory interest which may be claimed.

The variable rate of statutory interest is that set at the official dealing rate of the Bank of England in force at the time when late payment interest becomes payable plus 8 per cent (Article 4). The official dealing rate of the Bank of England is announced from time to time by the Bank’s Monetary Policy Committee. The rate is sometimes called the “repo” rate, since repos or sale and repurchase agreements are one type of monetary policy instrument used by the Bank. At the time of making this Order, the official dealing rate is published daily in the “Financial Times” (except on Sundays), together with the date on which the rate was last announced. It is referred to as the “UK clearing bank base lending rate” and can be found in the section entitled “London Money Rates”. It is also published on the Bank of England website, www.bankofengland.co.uk.

For the purposes of this Order the official dealing rate to be used is that in force on 30th June or 31st December in any year. This rate will apply as the official dealing rate for the following six month period, namely 1st July to 31st December or 1st January to 30th June respectively.

This order partially implements Directive [2000/35/EC](#) of the European Parliament and Council of 29th June 2000 on combating late payment in commercial transactions. A Transposition Note detailing the manner of implementation of this Directive is available at www.dti.gov.uk or from Investment Directorate, Small Business Service, St Mary’s House, c/o Moorfoot, Sheffield S1 4PQ. Tel: 0114-259-7847.