



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))

Changes to legislation:

There are currently no known outstanding effects for the Late Payment of Commercial Debts (Interest) Act 1998, Section 5A.