

Demurrage Claims resulting from Uncollected Cargoes

Any forwarder who is booking cargo or is shown on the master bill of lading, can be held fully responsible by the carrier for demurrage, storage and other charges relating to uncollected cargoes, even if they do not legally own the goods. Whilst the cargo owner should be the party responsible for payment of the additional costs, the forwarder will no doubt be the first party with whom the carrier will try to recover the costs.



Cargo can be left uncollected or even abandoned for a variety of reasons; due to disputes between the buyer and seller, customs clearance issues, deceitful acts or licencing issues relating to shipments of scrap and/or waste materials or simply the consignee abandoning the cargo as unwanted goods. There may even be circumstances where the cargo owner may no longer be trading or traceable to recover the costs from.

We are seeing a rise in the number of claims being pursued by carriers and port authorities to recover such costs (allowable within their terms and conditions), which also makes it very easy for them to pursue the claim against the booking party. It is therefore the forwarder who is often the party contacted with the demand for payment of the costs through no fault of their own, either because they made the booking or due to being named on the master bill of lading.

Acting quickly is essential to avoid additional daily costs from being incurred once a situation is made known to you. Steps should be taken to resolve the matter immediately.

- Do not simply accept a response from the shipper or consignee that the matter will be resolved and goods cleared and collected.
- Make sure that the parties are aware that they cannot abandon the goods and not be responsible for the costs incurred.
- Request evidence of the steps being taken to resolve the situation and if possible try to have the carrier make direct contact with the shipper and/or consignee.
- Consider whether it is possible for the cargo to be out turned and transferred to a bonded warehouse to reduce costs.

Ideally the matter should be resolved before the accruing costs exceed the value of the goods, as at this point it will be unlikely that the consignee will want to take delivery of the goods.



For further information, please contact Hazel Downes - Freight & Marine Manager
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Steps you can take to avoid claims:

Checks

Have a system in place for checking for any cargo, which remains uncleared.

Do you know the customer and have you checked their financial position?

Considerations

Consider whether you should be the party named as shipper or consignee on the bill of lading, which will increase the likelihood of you becoming embroiled in a claim.

Consider the additional risks involved in certain types of low value cargoes such as waste and recycling products where these claims are, in our experience, more prevalent.

Action

Many cases of uncollected cargo can be resolved quickly before costs escalate by liaising with the shipper and/or consignee, making them aware that the costs would be for their account and trying to have them resolve any disputes quickly. Taking immediate action is therefore vitally important.

Your policy will have a requirement for prompt notice of claims and delay in advising Insurers could prejudice the ability to take action to mitigate costs from accruing.

Most importantly, if you are insured with Peter Lole immediately notify us of any potential situation as we have a special extension in our Broker Wording that many other policies do not. Under our wording, it may be possible to recover demurrage costs if you are not able to claim the costs from the shipper or consignee.

Failure to have checks and procedures in place or failing to take immediate action in these cases may prejudice Insurers position so please contact us for guidance as soon as you are aware of a situation.



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