

Customer Claims Procedure

Important Information

Claims Liability

RHA Conditions of Carriage limits liability as follows:

- Clause 11(1) physical loss or damage to the goods at £1,300.00 per tonne
- Clause 11(2) any other claim (howsoever arising) limited to the carriage charges paid for the consignment

However for goods travelling through the Palletforce Network standard cover is £5,000 per tonne. This means that unless you have applied for extended cover, every kilogram of freight we transport on your behalf is insured to the value of £5.00. As we are not the goods owners the insurance covers our legal liability to you under the RHA conditions.

The claims value is calculated based on the actual weight of the goods lost or damaged with the value of the claim, in the majority of circumstances, being based on the lower of the cost price or the maximum liability for the weight of the consignment.

These simple examples illustrate how this limit might not be sufficient for you.

Pallet 1 Goods weigh 100kg
 Goods cost you, the customer, £100.00
 The maximum liability based on weight is $100 \times £5.00 = £500$
 Limit of liability for these goods would be £100.00, your cost price

Pallet 2 Goods weigh 500kg
 Goods cost you, the customer, £3,750
 The maximum liability based on weight is $500 \times £5.00 = £2,500$
 Liability for these goods would be limited to £2500 which is less than your cost price

Extended Insurance Cover Check

We recommend that all customers complete the following Extended Insurance Cover check to confirm that the standard limit of £5.00 per kg is suitable for the freight that you're sending.

Calculate:

Average weight (kg) of your consignment

Typical cost price value of your consignment

Divide the cost price by the Weight

If this value is more than £5.00 per kg then you would need the Extended Insurance Service to cover the actual cost of your goods in the event of a claim.

If this value is more than the Extended Insurance Service we recommend you consider arranging your own specialist Goods in Transit insurance as even the Extended Insurance Cover may not be sufficient for some of your claims.

CMR – Convention on the Contract for the International Carriage of Goods by Road.

If the consignment you are claiming for is being imported or exported then CMR might apply. If covered by CMR then your consignment will have been accompanied by a CMR Waybill and manifested or advised to Freightforce as a CMR consignment.

As a result the claim will be handled slightly differently to RHA Conditions of Carriage claims so please contact us for further information.

Timescales

You must notify us of a claim within the required timescales. These timescales vary depending on the type of claim and whether or not a clean proof of delivery was obtained at the delivery point.

Summary

Damage – not noted on POD

- Inform Freightforce of damage, in writing, as soon as possible and ideally no later than 24 hours of the delivery
- Send claim form to Freightforce within 14 working days of the delivery date

Damage – noted on POD

- Inform Freightforce in writing of intention to claim, within 7 working days of the delivery date
- Send claim form to Freightforce within 14 working days of the delivery date

Pallet loss

- Inform Freightforce in writing of intention to claim, within 28 working days of the collection date
- Send claim form to Freightforce within 42 working days of the collection date

If the written advice and Claim Form are not received within the required timescales then the claim will be rejected unless there are specific and reasonable reasons behind this. For example, if the delivery was made on Christmas Eve and the Company was on shutdown for 2 weeks then it would be reasonable to allow a time extension.

You should ensure that any damaged goods being claimed for are retained and not disposed of until after the claim has been settled.

Any damaged item or individual parts must be retained and photographs taken before, during and after its inspection and accompanied by an engineer's / surveyor's report,

submitted stating exactly what damage has been found, why Freightforce are liable and should also include itemised repair invoices.

Where the goods are foodstuffs and subject to a shelf life then they can be disposed of after this date as long as a Disposal Certificate is obtained and retained as evidence and subject to our insurer confirming that they do not require an inspection.

Explanations:

Claiming for Damage – Clean POD

If the consignment was delivered and the recipient signed the proof of delivery without noting the damage then this is classed as a Clean POD and any damages identified afterwards are classed as Concealed Damage.

Concealed Damage must be reported in writing to Freightforce **as soon as possible and ideally within 24 hours of the delivery** being accepted by way of an email to sales@freightforce.co.uk including full details of the consignment and damage identified. If the damage is not reported within this timescale then it is deemed more likely to have occurred after the delivery.

Photographic evidence must be provided to illustrate the damage noted alongside packaging information to prove that the damage was caused during transit.

Writing 'Received unchecked' or the similar doesn't extend this timescale so it is incredibly important that your end customers check for visible damage to the packaging before they sign the proof of delivery and then unpack the delivery, checking for any concealed damage, that working day.

This is one of the most contentious areas for our customers, as end customers often aren't aware of the short window they have to claim. We recommend that this is clearly stated on your order documentation and any other communication with your customer so that they can notify you quickly.

The concealed damage notification must be followed by a completed and signed Claim Form to be received by Freightforce **within 14 working days** of the date of the delivery.

Claiming for Damage – Damage Noted on the POD

If the consignment was delivered and the recipient noticed damage or shortages at the point they received the goods then they must write the details on the proof of delivery document as well as signing to accept the goods. This is called a Claused POD. If the Driver is using a handheld device to capture the signature then they will enter a code which clauses the proof of delivery signature for the customer.

Even though the damage is noted on the POD, you must advise Freightforce of your intention to claim **within 7 working days** of the date of the delivery by way of an email to sales@freightforce.co.uk including details of the consignment and damage.

This must be followed by a completed and signed Claim Form to be received by Freightforce **within 14 working days** of the date of the delivery.

Claiming for Loss

Thanks to the tracking systems Freightforce and our partners use, lost pallets are rare, however in the event of a loss then different timescales apply.

If your customer claims that one or more pallets within a consignment are not delivered and no proof of delivery has been provided then you must notify Freightforce **within 28 working days** of the collection date and then submit a completed and signed Claim Form **within 42 working days** of the collection date.

Claim Value

The value of the claim, quantum, has to be proved by the customer so you will need to provide evidence to support your claim however you can claim for:

Where you have provided replacement goods to the customer then you can claim for the actual cost price of the damaged goods up to the limit of liability.

Where you haven't provided replacement goods to the customer, for example the order has been cancelled or the goods were unique, then you can claim for the actual sales price of the damaged goods up to the limit of liability as you are unable to replace that sale. You will be asked to provide evidence in support.

You can only claim for those goods that were actually damaged or lost. For example if a pallet was sent containing 12 cartons of product and only 1 carton was damaged then you can normally only claim for the 1 carton that was damaged.

You may be entitled to claim for some additional costs (other than physical loss / damage) for example additional transport costs but these are limited to the original transport costs paid for the consignment (see RHA section 11(2)) as discussed above.

It's worth noting that to include this in your claim value, you must state this on the claim form, and that the amount claimable is calculated pro rata based on the overall consignment cost. Where the goods have been accepted by the end customer and you have repaired the damage or provided the customer with a discount to retain the goods, then you can only claim for the lower of the cost price or this value. You must also provide evidence of this arrangement.

Supporting Evidence

As with any insurance claim, you need to provide evidence of the amount you are claiming. Under RHA Conditions of Carriage you will need to provide the following, ideally when you submit the Claim Form.

In the event that the information isn't immediately available then it must be provided within one calendar month to prevent the claim being refuted through lack of evidence.

Photographic Evidence	Images illustrating the damage you are claiming for. If you are claiming for damage to multiple items i.e. 10 boxes of 50 on the pallet then we should be provided with good photographic evidence in support. If you only provide photos of 1 or 2 boxes then consideration will only be given to 1 or 2 boxes and not the 10 alleged to be damaged.
Cost Price	<p>Evidence of the actual cost to you of the products. This is normally a cost price invoice. If one isn't available then sufficient information must be supplied as to how you calculated the cost price.</p> <p>If the cost price invoice is for imported goods and does not show import duty and freight costs then these can be advised separately.</p>
Sales Price	Evidence of the actual cost to the end customer. This is normally a copy of the sales invoice.
Duty	<p>If you are liable to HMRC for the Duty Paid then we will require documentary evidence in support.</p> <p>Should the claim be for theft / loss of the goods or bottle tops have not been returned on damages, then the duty element will be paid for by insurers.</p> <p>Should the goods be damaged and / or the bottle tops returned then any claim presented should be net of Duty as you can claim this aspect back from HMRC.</p>
Repair or Rectification cost	<p>Evidence of the cost of a repair or settlement with the customer to retain damaged goods. This is normally the cost of the repair bill / labour worksheets.</p> <p>Should the end customer agree to accept the goods with minor damages we shall require a copy of the credit note / revised invoice showing the agreed sum.</p>

Signed Collection Note	In the event of a loss claim then evidence must be provided that the pallet(s) were collected by Freightforce or a network partner. This is usually a copy of the collection note signed and dated by the Driver.
Packing Note	In the event of a claim regarding concealed loss or damage, evidence such as packing and dispatch notes are required to confirm the product and quantity dispatched.
Survey Report	<p>This is a written assessment detailing the damage caused to the consignment and detailing any salvage value or repair cost.</p> <p>This is normally only requested for claims where it is difficult to assess the damage from the photographic evidence provided, where the claim is for a significant amount of damage or where the claim includes product that may require disposal due to contamination or shelf life.</p>
Salvage / Secondary market	In the case of damage, it is your legal requirement to act as a 'Prudent Uninsured' (what would you do if there was no insurance covering the goods). This means that you must assess the salvage value of the damaged goods and/or investigate the sale of the goods to a Secondary Market.

This list isn't exhaustive so depending on the circumstances surrounding a claim you may be asked for further evidence. If you do have any other information or evidence then please include it with your claim, it is always better to have more information than not enough!

Completing the Claim Form

A copy of the claim form is included in this pack for reference. Each section must be completed, the form then signed and dated.

It is particularly important that the 'Full description of goods' and the 'Full description of what happened' sections are completed with as much information as possible.

The claim form must be emailed through to andy.harman@freightforce.co.uk. If you don't receive an email acknowledgement within 1 working day then please contact the Office to confirm receipt.

Freightforce will then process your claim and advise you of any additional information required.

Depending on where liability lies and the overall value, we may pass the claim over to one of our surveyors or place with our insurers to progress.

As every claim situation is different it is difficult to provide timescales for resolution however rest assured we endeavour to resolve claims as quickly as possible.

Claim Outcome

We will normally notify you in writing of the outcome of the claim. This will include whether or not the claim has been accepted and if so, how the claim value has been calculated. If the claim has been refuted then we will also advise you of the reasons why.

Once a claim has been concluded and liability accepted then the details are passed to our Accounts Department who will issue a BACS payment for the claim amount, normally within 5 working days.

There is no need to raise an invoice for the claim value however if you do then please ensure that the claim has been agreed and that no VAT has been added to the amount.

You can find out more about VAT and claims by visiting the HMRC website:

<http://www.hmrc.gov.uk/vat/managing/special-situations/lost-stolen.htm#4>

Preventing Claims

Freight presentation and packaging are key to avoiding claims, particularly those for minor damages. Always ensure that the pallets and packaging you use is good quality and fit for purpose, providing more than adequate protection for the valuable product underneath.

Remember that your freight doesn't just stay on the collection vehicle. It will be unloaded and reloaded several times before reaching its final destination so you need to be confident that the packaging will protect your goods during this transit process.

Our Sales Team will happily provide guidance on packaging best practice for the products you are dispatching however some general guidelines include:

Ensure the pallets you use are in good condition and are suitable for the weight of the consignment

- Check no broken slats or blocks
- Check no protruding nails
- Secure your freight to the pallet
- Use banding or wrap the product to the pallet base
- Product must not overhang the pallet

Freight needs to be stable, especially for tall pallets, so there's no risk of leaning or toppling

- Stack the load, interlocking where possible
- Consider the centre of gravity for the pallet, ensuring it's not top heavy

Use the correct packaging for your product

- Ensure your product is adequately packaged before you place on the pallet and wrap
- Protect all four sides of your pallet – making sure there's nothing sharp protruding
- Bagged freight should be protected with cardboard tray, caps and edge protectors
- Barrels and kegs should be banded to the pallet and should not be double stacked without using trays or stocks to prevent sliding
- Glass or fragile items are best transported in a suitable wooden crate
- Ensure your packaging protects the product from any inclement weather at the collection and delivery points – all other movements are completed under cover but these we have no control over

Clearly label

- Take off any old labels – particularly if they indicate hazardous contents
- Non-stackable freight needs to be clearly marked, using a non-stack cone is ideal
- Add fragile and this way up stickers as appropriate

We hope you've found this document a helpful guide to the procedure, however if you should have any questions or queries that haven't been covered then please raise them with us immediately so we can address and potentially improve this document for other customers.

Frequently Asked Questions

Why was my claim rejected?

Unfortunately some claims we receive we are unable to accept and process. The most common reasons for this are:

- Claim not notified in writing within the required timescale
- Claim form not received within the required timescale
- Damage not noted on the Proof of Delivery hasn't been reported within 24 hours
- Claim has become strictly time barred as not settled within 12 months from the commencement of transit

What can I do to make sure my claims are not rejected or don't cover my costs?

- Make sure that everyone within your organisation who could potentially handle a customer claim are aware of the timescales for reporting claims and have a copy of the claim form to hand.
- Make sure your customers are aware they have a limited time window for reporting damage, especially if they signed the POD without noting the damage.
- Make sure that the standard RHA Conditions of Carriage liability limit of £5.00 per kg is sufficient to cover the cost price of your goods. If not then take out the Extended Insurance Cover or arrange your own Goods in Transit insurance.

Why do claims take so long?

Unfortunately, it can take some time as often insurance companies are involved and there is a lengthy communication channel between ourselves, other Network partners and the relevant insurance companies. We do try and minimise the time period however sometimes the delay is because the third party will ask for additional evidence. You can help minimise delay by providing all the required evidence when the claim form is submitted.

What happens if I don't have all the evidence required when I submit the claim?

Unfortunately in some instances the claim cannot be processed without the evidence required. Normally we have a limited time period during which we can add the information to the claim. If you don't have all the evidence to hand when you submit the claim please advise the likely timescale and we'll add this information as a note to the claim.

Can I dispose of the damaged goods?

Not until the claim has been finalised. This is in case further evidence or assessment is required and, in the event that the claim is paid for the cost price then we, or our network partners, are entitled to request collection of the goods so that we can reclaim any salvage value possible. If the goods are foodstuffs so have a shelf life that is being exceeded then please advise us and you will need to obtain a Certificate of Disposal.

How will you pay the claim amount once it's agreed?

Our Accounts Department will make payment by BACS for the agreed claim value and normally process this within 5 working days of the notification to yourselves.

The same products get damaged, why?

It may be worth checking that your packaging and freight presentation are suitable for the freight you're transporting. For example, we find that bagged freight can incur minor damage during transit if pallet trays, caps and edge protectors aren't used, particularly if thin plastic bags are used for the product.

I'm left out of pocket because I can only claim for product value and transport costs!

Consequential loss, such as engineer costs where a shipment is delayed, aren't covered by the RHA Conditions of Carriage. If you are sending out time critical freight where significant costs could be incurred for delay in the unfortunate event of a damaged pallet, then it may be worth considering taking out your own specialist Goods in Transit insurance or adjusting the delivery date.