



# DELIVERY, SNAGS AND PAYMENTS – WHAT, WHERE AND HOW

**We often find that conflict arises between client and supplier when the terms of payment, delivery and snagging are not understood or adhered to. While each company is free to set their own payment terms, it is common that the payment is split into a deposit, a progress payment and then a final payment.**

A deposit is standard for our industry, and this is usually at least 50% of the total costs of the job. This is payable on signing of the contract. A stable and reputable company will make use of your deposit to secure the materials for your job. Refusal to pay a deposit can place huge pressure on the company's cash flow which can impede them from the successful completion of your or other jobs.

The progress payment is usually due before the first delivery of carcasses to site or on the day of delivery of carcassing to site. Here is when we often see confusion coming in. When goods are delivered to site the Consumer Protection Act allows the client 48 hours to inspect them and report any default. Any defects found would be termed delivery defects.

Reporting a delivery defect can be cause for pausing or delaying the delivery progress payment but cannot be an excuse for not paying it at all. Once the defective unit is replaced the delivery progress payment should be made immediately or the payment

should be made deducting the retail value of the defective part or product. This can then be added to the final payment or paid as a second interim payment once new goods are delivered to site.

It is important to note that if there is no report of a delivery defect or the delivery defect is rectified, and the payment is not forthcoming (or a payment less the retail price of the defective items) then the kitchen company can refuse to continue work until payment is visible in their account. This can be done without penalty to the kitchen company as long as the progress payment is part of the terms and conditions of the contract you have signed with them.

We cannot stress how important it is that parties sign the quote/contract and drawings, as this helps to protect both parties. Failure to sign can leave both parties vulnerable. It is also important to note that in not signing the contract you are not absolved from the stated terms and conditions. Payment of the deposit and allowing work to commence on site is tacit acceptance of the terms and conditions stated in the contract.





Final payment is due usually within 48 hours of the snag list being completed, the snagged work inspected, and the job signed off.

We do understand that these processes may make a consumer nervous, particularly if they have lost money in the past. In a case like this, we recommend you discuss with the company about making use of the KSA's holding account. This allows the client to pay the full amount into our holding account and then negotiate drawers from the account after key set goals have been reached. This then allows for assessment of workmanship at these various goal posts and for payment to be released from the KSA's holding account only if the kitchen company has met the requirements of that payment drawer. It also means that should the company have met the requirements to be paid and the client does not release the payment, that the company can refuse to continue with the work until such time as the funds are released.

After the 48 hours or once the product is installed, any issues found with the product or materials fall part of the snagging process and are not grounds for refusal to pay or delaying the progress payment.

A snag list should only be compiled once the company has completed the installation and invites the client to snag. The client holds the right not to make the final payment until the snag list generated is complete and all issues rectified to the quality shown in the company's showroom or to an industry acceptable norm.

Snag lists must be generated by the client or their designated representative. The company does not snag their own work for the final snag list before sign off and completion. This list is the client confirming any defects that the company has not picked up on that they need to fix in order for the client to see the job as complete. It is vital that one list is created – a process of never-ending regenerating snag lists is not constructive and can be seen as the client trying to avoid making the final completion payment. So, it is important that time and proper attention is given to putting the snag list together.

Where a job might consist of multiple sections – a kitchen, built in cupboards, vanities and a bar – it is common practice for the company to issue separate quotes and contracts for each section of the job. In cases like these, each section must be handled independently. The payment terms and snagging processes noted above apply separately to each section where an independent quote/contract has been generated. In cases like this, payment for one section cannot be held back because of an issue on another section of the job. Payment for each section can only be made or withheld in relation to that specific section.



It is vitally important – to ensure a good working relationship and the smooth progression of the job – that snagging and notification of a delivery defect are not confused and that the progress payment is not delayed because of this confusion. KSA members are actively encouraged to ensure that the snagging process is handled as efficiently and effectively as possible ensuring a smooth conclusion to the job. If however, this is not the case, we encourage consumers to bring the issues at hand to our attention sooner rather than later.