Late-Payment Interest & Compensation

User Guide · Odoo 18 / 19

AR / AP & Cash

Technical module name: gb_late_payment_interest_compensation

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1. Overview

UK businesses are legally entitled to charge statutory interest and fixed compensation on commercial invoices paid late — but most forget. This module calculates that entitlement automatically: statutory interest at the Bank of England base rate plus 8% under the Late Payment of Commercial Debts (Interest) Act, together with the fixed compensation band.

It scans overdue invoices, builds late-payment charges, can raise the interest as a debit note, and produces a chasing letter to send to the customer.

Who is it for?

- Credit controllers and AR teams chasing overdue invoices
- Finance managers who want to recover statutory interest
- Any UK business invoicing on commercial credit terms

UK context

Implements the Late Payment of Commercial Debts (Interest) Act: statutory interest at BoE base rate + 8%, plus the fixed compensation bands (£40 / £70 / £100 by debt size).

2. Installation

The module is delivered as a standard Odoo application and installs cleanly on both Odoo 18 and Odoo 19 Community or Enterprise.

Step	Action
1	Enable developer/apps — Log in as an administrator and open the Apps menu.
2	Update the app list — Click Update Apps List so Odoo picks up newly added modules.
3	Search — Search for "Late-Payment Interest & Compensation" (technical name gb_late_payment_interest_compensation).
4	Install — Press Install. Required dependencies (account) are installed automatically.

After installation a new top-level menu, Late Payments, appears in the main menu bar.

3. Configuration

Open Late Payments ▸ Configuration. Maintain the BoE Base Rates table (the reference rate over time, to which 8% is added) and the Compensation Bands (the fixed amount due by invoice size).

Company-level settings hold the defaults applied when a late charge is created.

Key configuration records

Field	Description
BoE Base Rate	The Bank of England base rate effective from a date; statutory interest = base + 8%.
Compensation Band	The fixed compensation amount (e.g. £40/£70/£100) by debt-value band.
Late Payment Charge	The calculated charge for an overdue invoice (interest + compensation).

4. Step-by-step Walkthrough

A late charge runs Draft → Confirmed → Invoiced (or Cancelled):

Step	Action
1	Scan overdue — Use Scan Overdue to find invoices past their due date.
2	Create a charge — From an overdue invoice, create a Late Payment Charge.
3	Recompute — Press Recompute to calculate interest (base + 8%) over the overdue days plus the compensation band.
4	Confirm — Press Confirm when the figures are correct.
5	Raise a debit note — Use Create Debit Note to post the interest as a charge to the customer.
6	Send a chasing letter — Generate the Chasing Letter to formally request payment of the debt and charges.

Status flow

Records move through the following statuses:

- Late Charge: Draft → Confirmed → Invoiced (Cancel available)

5. Feature Reference

Statutory interest

Interest at the Bank of England base rate plus 8%, computed over the actual number of overdue days against the editable base-rate table.

Fixed compensation

The statutory fixed compensation (£40 / £70 / £100 bands) added automatically by invoice value.

Overdue scanning

Scan Overdue surfaces invoices past due so nothing eligible for interest is missed.

Debit note creation

Turn a confirmed charge into a debit note posted against the customer.

Chasing letter

Generate a formal chasing letter citing the debt, interest and compensation due.

Per-partner view

Each customer shows their related late charges for a full collections picture.

6. Tips, Troubleshooting & FAQ

Q: What interest rate is charged?
A: Statutory interest under the Act: the Bank of England base rate plus 8%, calculated over the days the invoice was overdue.

Q: How much is the fixed compensation?
A: The statutory bands — £40, £70 or £100 — applied by the size of the overdue debt.

Q: How do I find overdue invoices?
A: Use Scan Overdue, which lists invoices past their due date ready for a charge.

Q: How is the interest billed to the customer?
A: Create Debit Note raises the interest as a posted charge; you can also send a chasing letter.

Q: Where does the base rate come from?
A: From the editable BoE Base Rates table; update it when the Bank of England changes the rate.

Q: Can I cancel a charge?
A: Yes, a Draft or Confirmed charge can be cancelled before it is invoiced.

7. Support

We are glad to help you get the most out of Late-Payment Interest & Compensation.

- Email: support@pokutsoft.com
- Apps & documentation: https://pokutsoft.com
- Please include your Odoo version (18 or 19) and the module version (18.0.1.0.0) when contacting support.

This module performs format generation and in-Odoo bookkeeping only. Where a third party (HMRC, a pension provider, a payroll bureau, a bank) is involved, the customer uses their own credentials/account to file or transmit. No filing is done on your behalf.