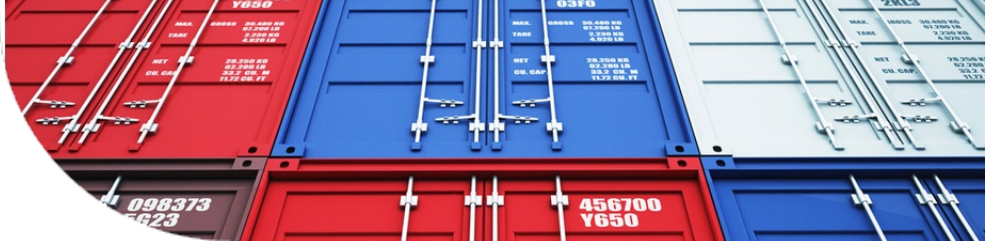

Inter-club Agreement and time-bars

AUTHOR / KEY CONTACT

Linda Jacques
Partner

Linda.jacques@LA-law.com
01202 702611

Charterparties can contain a number of time-bars. Some of these are clearly sign posted, whilst others are less obvious and tucked away in references to International Conventions, incorporated into the charter or, in insurance arrangements, such as the Inter –club Agreement. Defending a cargo claim whilst keeping an eye on the time limits for a possible indemnity claim against third parties, is always a juggling act.

A recent London arbitration decision has brought that juggling act into focus. In the dispute a charterer had chartered a vessel to carry engine equipment from the USA to a North African port. Unfortunately, on the voyage the vessels crew mistakenly pumped water into one of the holds, partially or fully submerging the engine parts in it.

The charterers had issued their own bills of lading showing themselves as the carrier of the cargo. At the time of the incident the charterers sent a message to the owners of the vessel holding them responsible and suggesting that a joint survey be carried out on the cargo on arrival at the discharge port. The owners acknowledged receipt of that message and stated they had advised their P&I insurers of a potential claim.The owners P&I insurers sent a surveyor to attend that joint inspection.

The sequence of events after that date appears to have been that the shipper gave notice to the charterers that a cargo claim would be presented by the consignee. At the time of that notice, however, no formal cargo claim had been presented. At some stage after that, a time extension was then granted to the cargo interests in which to bring proceedings in relation to a cargo damage claim. Matters appear to have rumbled along for a period of time.

The charterparty included a clause paramount as well as the Interclub Agreement-version 2011.

At some stage the charterers appear to have looked at their claim for an indemnity for any liability for the cargo claim, against the shipowners. When they did, the shipowners alleged that the indemnity claim was time barred under the Inter Club Agreement, because the charterers had not given them written notification of the cargo claim within 24 months of the discharge of the cargo. This time bar is in clause (6) is as follows:-

(6) Recovery under this agreement by an Owner or a Charterer shall be deemed to be waived and absolutely barred unless written notification of the Cargo Claim has been given to the other party within 24 months of the

Lester Aldridge LLP is authorised and regulated by the Solicitors Regulation Authority (SRA ID: 463177). It is a limited liability partnership registered in England and Wales under number OC321318. Managing Partner: Tom Alder; Compliance Officer for Finance and Administration: Dan Baker-Mist (Financial Controller); Compliance Officer for Legal Practice: Joanne Clarke (Partner) - See more on the Lester Aldridge Privacy Policy

© 2026 Lester Aldridge

date of delivery of the cargo or the dates the cargo should have been delivered, save that, where the Hamburg Rules or any national legislation giving effect thereto are compulsorily applicable by operation of law to the contract of carriage or that part of the transit that comprised carriage on the chartered vessel, the period shall be 36 months. Such notification shall if possible include details of contract of carriage, the nature of the claim and the amount claimed."

The argument between the owners and the charterers centred around the last sentence of clause. The original notification by the shipper of a possible claim did not contain any details of the amount claimed or the nature of the claim. A notification of a claim had been provided by the charterers to the owners soon after the accident, and the owners P&I surveyor had attended the vessel to examine the damaged cargo. Although no formal claim had been presented within the 24 month period from discharge, the owners were clearly not unaware of the claim,

The arbitration tribunal approached the time bar issue by deciding that the intention behind the clause was to differentiate between the complete absence of a written notification which would time bar any recovery and the absence of details about the claim.

In the tribunals view the owners had received notification of a possible claim and had given a written notification to the owners immediately after the incident, The owners had acknowledged receipt of that notification and a P&I Surveyor had attended the vessel to inspect the damaged cargo. That notification was valid even if particulars of the claim amount and nature had not been provided by the charterers. As a result the claim was not time barred.

It is likely that any future amendments to the Inter-club agreement will take this arbitration decision into account. There appears to be no substitute though, for ensuring that each end of a charterparty and bill of lading chain is kept regularly updated when a potential or actual cargo claim arises, particularly when time extensions for bringing claims are granted to cargo interests by one of the parties in a charter chain.

For further information, please contact our Shipping & Logistics experts by emailing online.enquiries@la-law.com or calling 07747 040642.

Tel: 0344 967 0793 | Email: info@LA-Law.com | www.lesteraldridge.com

Lester Aldridge LLP is authorised and regulated by the Solicitors Regulation Authority (SRA ID: 463177). It is a limited liability partnership registered in England and Wales under number OC321318. Managing Partner: Tom Alder; Compliance Officer for Finance and Administration: Dan Baker-Mist (Financial Controller); Compliance Officer for Legal Practice: Joanne Clarke (Partner) - See more on the Lester Aldridge Privacy Policy

© 2026 Lester Aldridge