Ms. Anne-Mie Ooghe
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Belgium

26 July 2017

Document 470/TA.875

Dear Ms. Ooghe,

Thank you for your query regarding UCP 600. Please find below the opinion of the ICC Banking Commission Technical Advisers.

QUOTE

A documentary credit was subject to UCP 600 and available by payment at the counters of the confirming bank.

It was issued in favour of "Company NV".
The goods description was mentioned as follows:
XXX
Quantity: 459.58 M2 - Unit price EUR 893.99 /M2
("XXX" being a brand name of special type of glass panels.)
Partial shipments were allowed.

The beneficiary presented a set of documents to the confirming bank, containing among others, an invoice issued by "Company SA-NV" amounting to EUR 107,047.67.

The confirming bank honoured the documents and claimed reimbursement as per the credit terms.

The issuing bank refused to honour, stating the following discrepancies in its notice of refusal:
Quote
+Invoice showing beneficiary as "Company SA-NV" i/o "Company NV"
+Invoice showing value of goods not equal to unit price multiplied with quantity
Unquote

The confirming bank did not agree with the refusal for the following reasons:

1. "NV" is the abbreviation of "NAAMLOZE VENNOOTSCHAP", in Dutch language and SA is the abbreviation of "SOCIETE ANONYME", in French language, which both have the same meaning and represent the legal form of the company. In a multilingual country like Belgium it is common practice that documents, letterheads, names, stamps, etc. mention the company's legal form in more than one language. This has never been a reason for refusal of documents. The legal form mentioned in the LC i.e., "NV", is shown on the invoice. "SA" is to be considered as an additional mention in another language, not in contradiction with the LC terms. Every party doing business with Belgium, the issuing bank included, is used to this.

2. The invoice submitted showed 39 different items.
   For example:
   "1 PC 2499 * 1171 MM
   Quantity M2: 2.93"
   The surface calculated was 2.926329 and rounded to 2.93
   The surface quantity was rounded up or down to 2 digits per M2 in every item.

   The total at the end of the invoice shows the following:
   "Total (including VAT) for the invoice EUR107,047.67."

   As additional information, the invoice also shows:
   "Description of goods: XXX
   Quantity: 119.74 M2
   Unit price: 893.99/EURO/m"

No additional amount was added and the results of the multiplication show EUR 107,046.36, being a difference of EUR 1.31.

The confirming bank disagreed with the discrepancies and answered as follows:

RE: Note that NV is the Dutch abbreviation for Naamloze Vennootschap and SA is the French abbrevation for Societe Anonyme, their meaning is exactly the same. We would like to remind you that Belgium is a multilingual country, and mentions in more than one language having the same meaning on documents are quite common. As far as the second discrepancy is concerned, the minor difference in amount between the value of the goods vs the unit price multiplied by the quantity is due to the quantities being rounded down. We refer in this respect to ICC opinion R775 (TA754rev) stating that this is not a discrepancy.

The issuing bank maintained its position and, only after receipt of applicant's agreement, paid the amount of the invoice less unjustified discrepancy fees.

We would be grateful if you would kindly provide us with your opinion as to whether the issuing bank has the right to refuse payment under the credit on the basis of the two discrepancies raised.

UNQUOTE

ANALYSIS

Discrepancy 1 (Invoice showing beneficiary as "Company SA-NV" i/o "Company NV")
Both UCP 600 sub-article 18 (a) (i) and ISBP 745 paragraph C2 (a) indicate that the invoice must appear to have been issued by the beneficiary.

In the credit, after the name of the beneficiary, "NV" is mentioned as the company designation. In the presented invoice, after the name of the beneficiary, "SA-NV" is mentioned as the company designation. As is mentioned in the query, "NV" is a Dutch company designation and "SA" is a French company designation.

The fact that the invoice indicates, as part of the beneficiary details, a company designation in addition to that indicated in the credit, does not in itself create a discrepancy, particularly as both designations have the same meaning

The invoice clearly appears to have been issued by the beneficiary.

Discrepancy 2 (Invoice showing value of goods not equal to unit price multiplied with quantity)

The wording of the notice of refusal indicates that the discrepancy is the result of a mathematical calculation, i.e. 'Invoice showing value of goods not equal to unit price multiplied with quantity.'

ISBP 745 paragraph A22 indicates that when the presented documents indicate mathematical calculations, banks only determine that the stated total in respect of criteria such as amount, quantity, weight or number of packages, does not conflict with the credit or any other stipulated document. There is no requirement to check any mathematical calculation.

Under the previous ISBP the requirement that banks were not required to check detailed mathematical calculations led to some misunderstandings. Detailed calculations would certainly include the addition of various line items, the rounding up or down of each line item, and then, the subsequent multiplication of two numbers calculated to two decimal figures, such as is the case in this query, i.e. 119.74 x 893.99 which would normally require a calculator to resolve. ISBP 745 paragraph A22 clarifies that banks will not perform calculations.

For this case, the quantity shipped (119.74 M2) is within that allowed by the credit (459.58 M2) and partial shipment is allowed. Furthermore, the unit price per M2 the in the credit is the same as that indicated in the invoice.

Reference by the confirming bank to Official Opinion R775 (TA754rev) is also relevant. This Opinion includes the following wording that has relevance to this query: "*It would be* *unreasonable to expect an invoice to be calculated to three decimal places for an amount shown in EUR, when it operates to two decimal places.*" As such, the rounding down of individual line items or an invoice value is acceptable.

On the basis of the above, the stated discrepancy is not valid.

CONCLUSION

Neither of the mentioned discrepancies is valid. The issuing bank did not have the right to refuse payment under the credit.

The opinion(s) rendered on this query reflect the opinion of the ICC Banking Commission's Technical Advisers based on the facts under "QUOTE" above. They do not necessarily reflect the opinion of the ICC Banking Commission until the Banking Commission renders its approval or disapproval of these opinion(s) at the next scheduled meeting.

The reply given is not to be construed as being other than solely for the benefit of guidance and there should be no legal imputation associated with the reply offered.

If this query relates to a matter currently under consideration by the courts, the ICC Banking Commission will refrain from considering it for adoption as an opinion.

Neither the ICC nor any of its employees, nor any member of the Banking Commission, including the Chairman, Vice-Chairmen or Technical Advisers shall be liable to any person for any loss or damage arising out of any act or omission in connection with the rendered opinion(s).

Yours Sincerely,

Olivier Paul
Head of Policy, Banking Commission