



How Do I Handle... Damaged Goods

Description:

To provide guidelines for properly accepting goods, to allow the University to consistently recuperate loss due to damaged shipments, shorted shipments, etc.

Department Responsibility:

Prompt inspection of items received, whether ordered by Purchase Order or P-card, is the responsibility of the end-user department. If at all possible, note all visible information on the delivery receipt before the driver leaves.

Using Purchase Order:

Persons receiving damaged goods must notify the vendor of the damaged delivery as soon as possible. Document the damaged receipt with as much detail as possible. Include a photo if possible. Keep all packaging. Do not enter any receipt in HokieMart (this will hold payment).

Work with the vendor for credit or replacement of damaged goods. Document all conversations with the vendor by sending an email with the details discussed. Attach any documentation or emails to the purchase order in HokieMart.

Procurement will assist if needed.

Using P-card:

Return and credit arrangements are the responsibility of the cardholder. In most cases, disputes can be resolved directly between the cardholder and the vendor/supplier. If the cardholder and the vendor/supplier cannot resolve the issue, a dispute can be opened by calling Bank of America's disputes department 1-866-601-9490. If needed, at any point in the process, the P-Card Administrators can assist with the investigation and assist in the resolution. Contact the P-card Administrators at purchasecard@vt.edu.

Items Ordered via Purchase Order by Procurement:

Persons receiving damaged goods must notify the vendor of the delivery immediately.

Document the damaged receipt with as much detail as possible. Include a photo if possible. Keep all packaging. Do not enter any receipt in HokieMart (this will hold payment).

Work with the vendor for credit or replacement of damaged goods. Document all conversations with the vendor by sending an email with the details discussed. Attach any documentation or emails to the purchase order in HokieMart. Forward all information to the Procurement Buyer for this purchase order. If issues develop with the vendor, the department should escalate the issue by notifying the Procurement Buyer.

Explaining FOB Method of Passing Title and Types of Claims

Handling Product Damage and Claims:

1. Methods of Passing Title and Control of Goods

a. FOB Point of Origin Freight Collect:

Buyer assumes risk of transportation and seller assumes title the moment the carrier signs the bill of lading; buyer bears and pays freight charges

b. FOB Point of Origin Freight Prepaid:

Buyer assumes risk of transportation and seller assumes title the moment the carrier signs the bill of lading; seller bears and pays freight charges

c. FOB Point of Origin Freight Prepaid and Added to Invoice:

Buyer assumes risk of transportation and seller assumes title the moment the carrier signs the bill of lading; seller pays and invoices buyer for freight charges

d. FOB Destination Freight Collect:

Seller retains title and control of goods and selects the carrier and is responsible for the risk of transportation; title passes to buyer upon delivery and ownership by the buyer; buyer pays and bears the freight charges.

e. FOB Destination Freight Prepaid:

Seller retains title and control of goods and selects the carrier and is responsible for the risk of transportation; title passes to buyer upon delivery and ownership by the buyer; seller pays and bears the freight charges.

f. FOB Destination Freight Prepaid and Added to Invoice:

Seller retains title and control of goods and selects the carrier and is responsible for the risk of transportation; title passes to buyer upon delivery

and ownership by the buyer; seller pays the freight and charges back the buyer by adding the freight charges to his invoice.

- g. FOB Destination Freight Collect and Allowed:
Seller retains title and control of goods and selects the carrier and is responsible for the risk of transportation; title passes to buyer upon delivery and ownership by the buyer; buyer pays the freight charges and deducts the amount from seller's invoice.

2. Types of Claims

- a. **Known Loss:** carrier fails to deliver the shipment intact to consignee due to destruction, disappearance or damage
- b. **Concealed Loss:** loss not visibly apparent at the time of delivery but discovered upon opening containers
- c. **Known Damage:** damage that is apparent and acknowledged by carrier at time of delivery. **Concealed Damage:** not readily visible at time of delivery by carrier

Note: *NMFC' National Motor Freight Class guidelines, effective April 18, 2015, concealed damages must be reported to carriers within 5 days after delivery.*

For more information contact:

- Procurement 540-231-6221
- Or hokiemart@vt.edu