



Small Business  
Commissioner

# Small Business Commissioner's Report on the Jordans & Ryvita Company

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March 2019

# The Small Business Commissioner's report on payment practices at the Jordans & Ryvita Company

## Summary of Complaint

Magellan Design Ltd (Magellan), a small business, formally complained to the Small Business Commissioner (SBC) on 23 July 2018. Magellan were contracted to provide services to Jordans & Ryvita Company (J&R), a large business, and had encountered issues with late payment. The SBC investigation found that J&R employees had not followed their procurement procedures and had not provided Magellan with a Purchase Order prior to work being commenced. This meant that Magellan had to repeatedly request more information about how to get paid. This was a disproportionate burden and has caused considerable distress to the small business owner.



*Paul Uppal, the Small Business Commissioner*

The SBC made the following recommendations:

- J&R should pay Magellan any late payment interest due as a result of the delay;
- J&R should review their payment practices to ensure payments are made within agreed terms and that their procurement processes are robust.

## Outcome

J&R has positively engaged with the SBC's investigation. Payment of the outstanding invoice for late payment interest was made on 17 Dec 2018. J&R recognised that, in this instance, there were some problems with their employees not following procurement procedures. In addition to paying the outstanding invoice, J&R paid late payment interest due as a result of the delay and issued an apology to Magellan.

J&R has also reviewed its payment practices to ensure that the issue encountered by Magellan is not systemic and has implemented widespread retraining to ensure the issue is not repeated.

## General recommendations

Whilst this case had a positive result, it highlights issues that the SBC sees repeatedly and from which other businesses, both small and large, can learn.

Advice for small businesses:

- the importance of securing Purchase Order numbers before undertaking work. This can help avoid late payment issues;
- being aware of the [resources](#) available to you that can help unblock late payment issues
- knowing your statutory right to claim [late payment interest](#).

Recommendations for medium and large businesses:

- small businesses in supply chains should be identified in order to mitigate against the negative effect that late payment can have on small businesses;
- the importance of providing a single point of contact for small businesses;
- to regularly review procurement processes;
- to ensure regular training for employees on procurement processes.

### **Jordan and Ryvita commented:**

“As a business we manage over 22,000 payments annually. Unfortunately, in this instance an invoice was not processed correctly as a result of human error. We deeply regret this occurred and have apologised to Magellan Design. We have also worked with the Office of the Small Business Commissioner to ensure the needs of small businesses are better addressed within our procedures.”

### **Magellan Design commented:**

“I would like to thank the Office of the Small Business Commissioner. With their help we were able to successfully claim back the accrued interest on two of our invoices. The practice of late payments can be devastating to small businesses and I am extremely pleased that the Office of the Small Business Commissioner is dealing with this problem.

I would urge anyone who has encountered late payment practices to get in contact with the Office of the Small Business Commissioner, even if you were eventually paid it is your statutory right to charge interest on overdue payments.”

### **Paul Uppal, the Small Business Commissioner, commented:**

“I am pleased that J&R have positively engaged with my office throughout the investigation. Their enthusiasm to tackle the issue of late payment gives me hope that we can make a real difference and change the poor payment culture that causes small business owners to lay awake at night worrying about when they will get paid.”

## Glossary

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### **Complaints Handling Scheme**

Small businesses can complain to the [Small Business Commissioner](#) about payment problems they are encountering concerning their larger business customers, making non-binding recommendations on how the parties should resolve their disputes.

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### **Larger Business (Medium or Large Business)**

Larger business means a business that is not a small business. A larger business will therefore have more than 50 employees and will encompass both medium and large businesses as defined by the [Companies Act 2006](#).

The full definition of a larger business in relation to the Small Business Commissioner complaints handling service can be found in [The Enterprise Act 2016](#).

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### **Small Business**

For the purpose of determining who is in scope of the Small Business Commissioner complaints handling scheme, a small business is a business which has fewer than 50 employees.

The full definition of a small business in relation to those in scope of the Small Business Commissioner complaints handling service can be found in [The Small Business Commissioner \(Scope and Scheme\) Regulations 2017](#).

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## **The Office of the Small Business Commissioner**

This document can be downloaded from  
[www.smallbusinesscommissioner.gov.uk](http://www.smallbusinesscommissioner.gov.uk)

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