

**Standard Operating Procedure & Rules of Financial & Dispute  
Sub-Committee of Air Cargo Agents Association of Pakistan,  
(ACAAP)**

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Standard Operating Procedure & Rules of Financial & Dispute Sub-Committee of Air Cargo Agents Association of Pakistan, ACAAP are approved by the Executive Committee in its meeting held on **01.04.2016**.....

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**Bye-Laws  
&  
Standard Operating Procedures  
for  
“Defaulted Payments”**

**Financial Dispute Sub-Committee FDSC**

**Air Cargo Agents Association of Pakistan**

**ACAAP**

**Version 2.2**

**Effective: 15<sup>th</sup> August 2022**

# Standard Operating Procedures – (SOP)

## for Financial Dispute Sub-Committee of ACAAP on Defaulted Payments

### 1. Introduction:

- 1.1. The Freight Fraternity in Pakistan, especially members of ACAAP and other trade bodies viz., PIFFA and PSAA are facing tremendous problems as far as the recovery of the amounts due from the trade is concerned. This has created huge receivables from the Customers and leading to financial complications for the logistics sector.
- 1.2. In view of the above, all the three major Associations i.e., ACAAP, PIFFA and PSAA decided to ally in order to protect their members and assist each other in getting receivables recovered from the defaulters/delinquents.
- 1.3. A joint Committee comprising of members of ACAAP, PIFFA and PASAA was formed and opinion sought from legal experts.

### 2. Aims and Objectives:

- 2.1. To find solutions and resolve pending defaulted payments cases, ACAAP decided to develop an Alternative Dispute Resolution (ADR) mechanism which would be for settlement of defaulted payments and disputes between:
  - 2.1.1. Member v Member (Cargo Agent v Cargo Agent)
  - 2.1.2. Member v GSA/Airline vice versa
  - 2.1.3. Member v Exporter/ Importer /Shipper / Consignee vice versa
  - 2.1.4. All the circulars, rules & regulations of ACAAP must be abided by all member agents. In case of non compliance of the same that particular member's case shall be subject to penalty may be decided by the FDSC ACAAP.

### 3. Eligibility for Case acceptance & procedure:

- 3.1. That anyone either complainant/s or respondent/s may be a member of Association or its associate or sub-agent or customer.
- 3.2. Any outstanding dues (subscription or invoices etc.) of ACAAP must be cleared at the time of complaints received.

- 3.3. A pay order of Rs.10,000/- as case processing expenditure fee is mandatory to be submitted which will be adjustable from prescribed percentage of ACAAP recovery charges or whichever is higher
- 3.4. An undated Guarantee Cheque of the 5% Recovery charges of ACAAP against the FDSC case. Recovery fee minimum 10,000/- or whichever is on higher side shall be charged.
- 3.5. The fee will remain same as clause 3.3. respectively regardless of the older case above 2 years.
- 3.6. Recovery fee of 10% shall be charged from Non-Members and must be accompanied with initial documentation submission, for the recovery of amounts for less than two (02) years old and 25% if the recovery outstanding is above two (02) years or older..
- 3.7. Any case submitted to ACAAP and letter of default circulated, the complainant becomes liable to a recovery fee of the amount so recovered, as mentioned above in (3.3&3.4). Irrespective of the mode whether it is obtained from ACAAP or via court of law or any other way of recovery.
- 3.8. If the member or customer goes into litigation, the ACAAP must stand-by with its Member to support.
- 3.9. In case of a member, who does not abide by circulars, rules, regulations and bye-laws of SOP, his case shall be subject to penalty may be decided by the FDSC ACAAP.

#### **4. Association's advisory to members:**

**(All ACAAP members are strongly advised for the mandatory compliance):**

- 4.1. To adopt Customer Information Form (CIF) at the time of starting business with new Customers. Recommended format attached as Annexure "A".
- 4.2. To ensure periodical account reconciliation with Customers to help keep abreast of account balances and credit controls. Indeed, if the accounts are reconciled regularly both the parties shall not be able to deny in case of defaults or disputes.

#### **5. FDSC Complaint procedures:**

- 5.1. In case any member aggrieved from any shipper, member, customer, agents (whether ACAAP member or not) International forwarders, airlines, handling agents, GSAs etc. can file a complaint at any of the nearest ACAAP offices with following documents:
  - 5.1.1. A prescribed format of an Affidavit (on Rs.200/- stamp paper) attached as Annexure “B”
  - 5.1.2. True & correct statement of accounts or ledger of the respondent, tallying the claim of defaulted payments and supporting invoices etc.
  - 5.1.3. Advance open dated cheque equivalent to amount mentioned in 3.3 & 3.4 of these rules.
  - 5.1.4. The fee amount would be treated as contribution to ACAAP, tariff may change from time to time.
  - 5.1.5. Indemnify ACAAP, for protecting the Association:
    - 5.1.5.1. from any/all kinds of legal consequences, and
    - 5.1.5.2. undertake that the decision(s) taken by the FDSC of ACAAP shall be accepted.

## **6. Processing at Secretariats (KHI/LHE/SKT):**

- 6.1. The Secretariat, upon receipt of the documents, shall thoroughly check for its completeness in accordance to these rules and SOP.
- 6.2. They shall intimate by any means of communication, to all respective FDSC members.
- 6.3. Put-up in meeting of respective FDSC of ACAAP, after ensuring that either Complainant(s) or Respondents(s) is/are Member(s) of ACAAP whose yearly subscriptions and other dues are clear.

## **7. Financial Dispute Sub Committee (FDSC) processing:**

- 7.1. The complaint file along-with all documents, completed in all respect, shall be presented to FDSC by respective secretariat of ACAAP
- 7.2. The FDSC shall decide the further course of action
- 7.3. If FDSC feels that no special or immediate action is required for any case, the below procedure shall be adopted:

- 7.3.1. First request Letter of a seven (7) day's period will be sent to the Respondent(s) for the settlement.
- 7.3.2. In case of no response, another three (3) days' notice will be sent and phone call attempts will be made by the Secretariat for a joint hearing in dispute resolution meeting intimating date and time in the presence of both parties.
- 7.3.3. If the matter is amicably resolved during the time periods and both parties agreed, the complaint file will be closed by FDSC. The beneficiary party will contribute prescribed percentage of the claim or PKR: 10,000/- (whichever is on higher side) of amount recovered to ACAAP.
- 7.3.4. In case the Respondent does not respond after above Notices and phone call attempts; and/or
- 7.3.5. Parties do not agree for one reason or other and
- 7.3.6. Where FDSC of ACAAP find claim of Complainant justified; the FDSC of ACAAP shall direct the Secretariat for circulation among the members of the ACAAP on the prescribed format and on Complainant Member's letterhead with a note by Secretariat.
- 7.3.7. The circulation shall be under intimation to both trade bodies, viz., Pakistan International Freight Forwarders' Association (PIFFA) and Pakistan Ship Agents' Association (PSAA) with a request for circulation amongst their Members.

## **8. Responsibilities/Penalties of ACAAP Members':**

- 8.1. All the respected members of the association (ACAAP), shall abide to the ethical and moral values of the membership of Association and considering the mutual cooperation and respect of the Members, shall restrict booking from such defaulting customers as well as any business in process. This condition applies on the complainant as well, for instance if the complainant serves the defaulter party anytime or supports him then ACAAP has a right to withdraw the case with fine / penalty of the 5% of the claim at the time of the complain or PKR: 10,000/- (whichever is on higher side) to the complainant.

- 8.2. Nominated shipments of defaulted shipper also strictly prohibited and penalties will be imposed in case if the member found in booking the shipments of defaulted Shippers. Penalty of 5% of the claim amount of the time of the complain or PKR. 10,000 (whichever is on higher side)
- 8.3. In case of non-responsive act by the handler/supporter in regard to the “declared defaulter/s”, can be by ACAAP or any association/s (presently its PIFFA & PSAA); such supporter/s shall be equally treated as defaulter. Supporting member/agent, penalty will be charged of the prescribed percentage of the claim amount at the time of the complain or minimum PKR. 10,000 (whichever is on higher side)
- 8.4. It is observed and experienced especially in perishable bookings, the exporters use each other’s export documents and consolidate shipments on One Master Airway not only to avoid bills of handling charges, Customs documentation fee / charges at both ends, i.e. Origin & Destination etc. but they also hide their names from market-place for successfully keep working and their defaulted companies remain in black-listed record.
- 8.5. All companies/sister concerns in which the concerned person of defaulted shipper/party declared defaulter involves in whatsoever conditions will also be declared/considered defaulters. Supporting member/agent will be charged prescribed percentage of the claim amount at the time of the complaint or minimum 10,000 (whichever is on higher side)
- 8.6. Member agent will be charged of the prescribed percentage of the claim or PKR: 10,000/- (whichever is on higher side) in case of giving wrong information, bogus papers to prove the claim or under any kind of grudge. Such charges will be applied once the member agent proved incorrect in respect of the allegation mentioned herein above.
- 8.7. Member agent will be charged of the prescribed percentage of the claim or PKR: 10,000/- (whichever is on higher side) in case of withdrawal of the case in any mode of settlement after the circulation of the default letter.
- 8.8. (a) After the submission of case and first action of 7 days notice to Complainee, the withdrawal of the case, for any reason other than that financial settlement, from

FDSC A or B of ACAAP, shall be subject to 50% or minimum 10000 whichever is higher, and shall be payable by complainant.

(b) After the circular of default, if case is withdrawn by the Complainant, 100% fee shall be charged by ACAAP.

(c) Under no circumstances, the waiver of fee shall be allowed.

(d) If the Complainant ACAAP MEMBER, wishes to withdraw at any point-in-time for legal action ie for criminal or civil proceedings, the ACAAP shall be paid full fee decided at the time of Complaint.

8.9. It is observed that in most cases; the ACAAP member company's employees and commission agents join hands as free-lancer with other competitor freight forwarding companies by leaving behind outstanding of existing employers (or in case of switching employment to a new company old employee) against their customers. Sometimes such persons open their own offices in proprietorship or in partnership and take stocks of other member agents. In case of the genuine complaint with proof of the aggrieved member agent; the person or persons will be declared as defaulter. It may also to be noted that the supporter member agent of the defaulter person or persons or company; will be responsible to pay the dues of the complainant and **must** stop booking any further. Any Company whether ACAAP member or otherwise, fails to comply with ACAAPs decision of default and continues supporting such person/s or companies, may also be treated as defaulter and ACAAP has all right to circulate to its membership and other associations.

8.10. FDSC of ACAAP has introduced help desk, initially at Head Office in Karachi. This will assist aggrieved member companies for their complaints, assistance in paper work and explaining SOP. Any company can contact HELPDESK for their grievance/s against any other Company for initiation of their recovery of amounts and/or until FDSC establishes or declares defaulter.

8.11. After the circulation of intimation to the membership of ACAAP and other associations, any member/s book from defaulters, following steps are going to be adopted:

8.11.1. The defaulter's booking agents will be intimated via email to the new agent/s (one who has sent default letter to ACAAP for circulation). Copying Secretary General,

respective Regional FDSC chairman and National FDSC Chairman.

8.11.2. The new booking agent(s) will be bound to hold the booking at once.

8.12. It is obvious that the Association is duty bound to give compliance to the orders of honorable Courts of Law while receiving Beluf with the orders of the suspension of ACAAP's circulation letters.

(a) At the same instance the outstanding amount of the members shall remain alive and the rights of the recovery shall remain intact. The association shall stand-by with its members and penalize the supporter/facilitator agents of the Defaulted Shipper.

(b) The supporting agent of the declared Defaulted Shipper shall be liable to clear the entire outstanding amount in case of handling even a single shipment, additionally a minimum 5% of the outstanding amount's penalty will be imposed in case of execution of shipment/s, further the cancellation/suspension of the membership will be made by the Executive Committee under the recommendations of the FDS Committee/ Convener of the region or the National Convener of FDS'-Acaap.

(c) The outstanding amount's plea from the supporters of the Defaulted Shippers will be taken as the acceptance of the violation of the SOP of FDS Acaap. An NOC must be provided by the aggrieved member to Acaap to give reliefs to the handlers of Defaulted Shippers, in case if there will be no NOC issued by the aggrieved member, a minimum 5% of the outstanding amount's penalty will be imposed in case of execution of shipment/s, further the suspension or the cancellation of the membership will be made by the Executive Committee under the recommendations of the FDS Committee/ Convener of the region or the National Convener of FDS'-ACAAP.

8.13. The member who violates the SOP intentionally or un-intentionally cannot have any position in FDSC in regional or National level for minimum 2 years, a suspension/restoration of the committee, member/convener can be made by EC/Office Bearers. It is further recommended to EC to impliment the same penalty to the violator/s on any position in Acaap for certain time (preferably minimum 2 years).

- 8.14. Any violation of AWB charges by any member agent, a penalty of Rs.50,000/- will be imposed by FDSC/Executive Committee of ACAAP on such member.
- 8.15. Working with ACAAP's Defaulted Shipper, 5% penalty on the outstanding amount at the time of the complaint or minimum PKR 10,000 (whichever is on higher side).

OR

Working with own Defaulted Shipper 10% penalty on the outstanding amount at the time of the complaint or minimum PKR 10,000 (whichever is on higher side)

- 8.16. Those members who doesn't follow the SOP and keep continue working with the Defaulted Shippers even after ACAAP's intimation to them, those will be penalized 20% on the amount at the time if the complaint or minimum PKR 25,000 (whichever is on higher side). Furthermore, those member's ongoing complaints and future shall not be entertained. The FDS also can recommend EC for the suspension or cancellation of the membership of the member.

The imposed penalties shall be paid by the member within 2 weeks after decision as deadline time, an appeal against the penalties with concrete and considerable proves can be applied / submitted to FDS within a week time to support the plea under appeal in favour of the member.

After deadline date / time, the penalties amount automatically become doubled and the running case of the member will be dismissed by Acaap with recovery fee to add with, no future case of the member will be submitted to Acaap FDS and subsequently/ consequently to DIP.

- 8.17. Member who lodge the complaint against its customer and the Default Circulation is made, the member cannot deal with the Defaulted Customer by keeping away the Acaap, each and every development, each part/full payment or any agreement must be in the knowledge of Acaap. There will be no excuse acceptable upon hiding (even unintentionally) the facts, after 2 weeks of the development a penalty of 5% will be imposed on the amount at the time of complaint or minimum. PKR 25,000 (whichever is on higher side). Any running case will be dismissed by Acaap with recovery fee to add with, no future case of the member will be submitted to

Acaap FDS and subsequently/ consequently to DIP.

