



“Bad bunkers” from the charterer’s perspective

Off-specification bunker claims can sometimes have serious consequences. However, elevated numbers for sediment, cat fines, acid number, pour point, aluminium can more often translate into minor issues in consuming the fuel – if precautions are taken.

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A *laissez-faire* attitude at the outset, however, can quickly translate into a very difficult contractual position for a charterer.

Sulphur is of course a matter on its own, and, quite rightly, requires its own set of regulatory considerations due to environmental concerns. Sulphur is not dealt with in any detail in this article.

Caught in the middle

A charterer that supplies bunkers to a vessel can find itself caught between owners and suppliers: Owners may refuse to burn bunkers or pass a claim to charterers for engine damage and costs associated with an allegedly off-specification supply. Suppliers will usually claim that the fuel is on-specification and may rely on short time bars and testing alleged to be final and binding, to protect against a claim.

The position of both the owner and the supplier is understandable. Owners want to protect the ship's engine from damage, bunker suppliers want to guard against quality claims, particularly as it is always possible that damage occurred after the fuel was delivered on board the vessel, due to poor handling for example. However, empathy does not help a charterer that is facing costs, claims and potential fines.

Loss and liability

Costs, claims and fines might include, without limitation: a claim for engine damage; de-bunkering costs; substantial losses on bunker resale should a salvage sale become necessary; claims for time lost and / or deviation required to deal with the issue; testing expenses; fines (most likely in the case of sulphur); and legal and expert evidence costs.

Recommended steps

A proactive approach is important:

1. The importance of a timely contractual review cannot be understated:
 - Complying with time bars in the bunker supplier's terms and conditions better a charterer/traders' position (and negotiating position) against the supplier.
 - It is important to understand the specification(s) and standard(s) that the fuel must meet under the charterparty and sale contract.
 - A charterer may be best served by trying to align all parties on sampling, testing and a testing protocol and/or pushing-back on final and binding testing.
2. Early engagement of an expert is often advisable, to understand the severity of the issue, and inform solutions. Even though bunkers may be marginally off specification, it may be possible to use them as is or with alterations. An expert assessment is important when considering alternatives.
3. Timely sample testing creates a better understanding of the fuel supplied, and informs solutions.
4. Understanding the operational management onboard by the crew of the alleged problematic bunker stem is important. For example, commingling of incompatible bunkers, extended storage times and inappropriate storage temperatures could potentially lead to operational issues, particularly in the case of VLSFO and biofuels.
5. The ship's trading pattern should be considered, for de-bunkering and resale if appropriate.

Finally, organised and clear communication between the stakeholders can help decide on the best way forward, to prevent losses for all.

Of course, it helps if a charterer has insurance that covers charterers' risks. Gard offers P&I cover tailored for charterers that includes cover for damage to the ship caused by bad bunkers and also some of the costs associated with de-bunkering. Note however that the cover excludes the cost of the bunkers so the largest part of the potential loss is not insured. For those charterers that have Defence cover, costs in handling a charterparty dispute or a claim against suppliers are covered, as are also expert costs and legal fees in advancing or defending claims arising from bad bunkers.

More information about the cover Gard offers for charterers can be found on the [Charterers and traders](#) page on our website.