

## Case Study - Commercial Contract - *Supplier dispute*

Mike runs an SME providing automotive packing machines and after sales servicing of these machines to the food industry. He has a separate agreement with a supplier of spare parts for his machines.

During a routine service of one of the machines, Mike had to replace a failing part with a new part. One week later he received a call from his customer saying that the same machine had broken down. Mike went to investigate and found the part he had replaced had failed. He immediately replaced the part with another so his customer could get back up and running.

He contacted the manufacturer to discuss the situation and agreed to send the faulty part back to the supplier for inspection and requested a new one 'free of charge' in the meantime. The supplier said Mike had to pay for the new one – Mike did not think this was fair and a dispute arose. Mediation was not working so he contacted his insurer (Aviva) for assistance – he was directed to the **legal helpline provided by ARAG as part of his policy**.

The legal advice line (**which provides 24hr access to a legal professional**) supported Mike with communication to the supplier to help mediate a solution. However, the supplier dug their heels in so Mike contacted the legal adviser to discuss the escalating situation.

He was advised by the legal adviser to make a contract dispute claim through his Legal Expenses Insurance against the supplier, which he did there and then. It did not take long for the claim to be assessed and a solicitor appointed to support Mike – it took one letter from the solicitor to the supplier for the supplier to agree to replace the faulty part free of charge.



### Legal Advice Helpline

If you are having an issue with a supplier our experienced telephone advisers can provide practical advice, suggest next steps and guide you through the legal process, **24 hours a day, 365 days a year**.



### Online Legal Documents & Guides

**ARAG Businesslaw** contains a range of how-to business and legal step-by-step **tools, guides, document templates**, interactive checklists, infographics and videos.



### Make a Claim

Our policyholder was right to contact their legal expenses insurance to discuss **mediation in the first instance**. However, they needed to make a claim against the company to pursue **corrective action**.