

Bad bunker fuel causes damage worth millions – but who is liable?

Since the beginning of 2018, shipping companies have experienced issues regarding bad bunker fuel. The bad bunker fuel first appeared in Houston and has since that spread to Panama and Singapore, leading to claims for millions of dollars.



It has proved difficult to hold the suppliers liable for the losses incurred. One of the challenges is the bad bunker issues are often only discovered some time after delivery of the bunkers, when the contractual notification period has expired.

Contractual limitation and notification clauses may prohibit buyers of bad bunkers from bringing claims against the contractual bunker supplier. However, under Danish law buyers may bring a claim under the rules on product liability, under which the liability provisions will be construed narrowly or set aside. Danish law also provides a wide access to bringing direct actions against other parties in the bunker supply chain. Shipping companies (and their insurers) should therefore consider the possibility of claiming on this basis.



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