

SAM – TRANSPORTATION MANAGEMENT

F.O.B. ORIGIN SHIPMENTS—PAYMENT OF INVOICES AND FREIGHT BILLS

3865

(Revised 03/07)

When goods are purchased F.O.B. origin, title to the goods passes to the consignee upon delivery of the shipment to the carrier at point of origin. Therefore, the shipper (vendor) should be promptly paid for all merchandise signed for on the carrier's original bill of lading whether or not the goods were actually received. This is also the case when the goods are received in damaged condition as long as the carrier specified in the purchase contract what routing was used. Otherwise, call the DGS Transportation Management Unit for assistance before you pay the vendor. By law, the carrier must collect the transportation charges. A properly prepared claim must be filed against the carrier for recovery of the amount of the loss or damage including freight charges paid on the lost or damaged portion of the shipment. If a whole shipment is lost, the carrier's freight bill should not be paid.