

## Calculation of late payment fee

The maximum permitted late payment fee must be calculated on a daily basis using a specific formula. The formula and an example of how the formula is applied are provided in the adjacent link.

$$VV_d = \frac{A_d((1+r)^{1/12}-1)}{q}$$

### *In which:*

$VV_d$  = the maximum permitted late payment fee for day d

$A_d$  = the amount of the payment for which the borrower is in arrears at the beginning of day d or, if it concerns a revolving credit transaction with a variable credit interest rate, the part of the outstanding balance that exceeds the credit limit on day d due to late payments.

$r$  = the hundredth part of the APR agreed in connection with the credit transaction.

$q$  = the number of days of the month of which day d forms a part.

### *An example*

A borrower is 10 days to late with the payment of a \$3000 repayment in mid-January. The applicable APR is 10%. The maximum late payment fee on a daily basis is

then:  $\frac{\$3000((1+0,1)^{1/12}-1)}{31} = \$0.77$ . As it concerns 10 days, the maximum late payment fee amounts to \$7.72.