

## **Guidance for Scrap Metal Dealers**

### **Definition**

The 2013 Act defines a scrap metal dealer, a site, a mobile collector and scrap metal.

A dealer is defined under s21(2) of the Act as someone carrying on a business which consists wholly or in part of buying or selling scrap metal, whether or not the metal is sold in the form in which it is bought. However a manufacturing business that sells scrap metal created only as a by-product of the processes it uses, or because it has a surplus of materials, is not caught by this definition (see s21(3)).

A dealer also includes someone carrying on business as a motor salvage operator. This is defined as a business that:

- wholly or in part recovers salvageable parts from motor vehicles for re-use or re-sale, and then sells the rest of the vehicle for scrap.
- wholly or mainly involves buying written-off vehicles and then repairing and selling them off.
- wholly or mainly buys or sells motor vehicles for the purpose of salvaging parts from them or repairing them and selling them off.

A collector is defined (by s22(4)) as a person who carries on business as a scrap metal dealer otherwise than at a site, and regularly engages in the course of that business in collecting waste materials and old, broken, worn out or defaced articles by means of door to door visits.

Scrap metal itself includes any old, waste or discarded metal or metallic material, and any product, article or assembly which is made from or contains metal and is broken, worn out or regarded by its last holder as having reached the end of its useful life. This definition is not intended to include second hand goods, but these could be caught by the definition if they are made from or contain metal that is broken or worn out. It will be a question in each case as to whether items fall within the definition. The definition does however include platinum and a range of other rare metals now being used in catalytic converters although gold or silver are not included in the definition of scrap metal. Jewellers or businesses trading in second hand gold and silver jewellery or products are not therefore caught by this definition.

A site is defined in the Act (s22(9)) as ‘any premises used in the course of carrying on business as a scrap metal dealer (whether or not metal is kept there)’. Due to the wording of the definition this means that someone who trades in scrap metal and is thus defined as a dealer under s21(2) will need a site licence for their office even if they do not operate a scrap metal store or yard.

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## **Scrap metal dealer responsibilities:**

### **Displaying the licence (section 10)**

For sites, the licence holder must:

- display a copy of the licence at each site covered by the licence
- display the licence or copy of the licence in a prominent place that is accessible by the public

For mobile collectors, the licence holder must:

- display a copy of the licence on any vehicle that is being used in the course of the dealer's business
- display the licence or copy of the licence in a way that enables it to be easily read from outside of the vehicle

Failure to comply with any of these conditions is an offence.

### **Duty on licence holder to verify supplier's identity (section 11)**

Verification of the identity of the person selling the metal is a fundamental part of the Scrap Metal Dealers Act. This applies to site and collectors. It is an offence for a dealer not to obtain and verify the seller's name and address. The dealer must verify the name and address by reference to documents, data or other information obtained from a reliable and independent source. (See section below about acceptable documents).

It is an offence for the seller to give a false name or address.

### **Acceptable documents to verify identity**

In order to verify a person's name and address, it will be sufficient for the scrap metal dealer to refer to either one of these documents which bears the person's full name, photograph and residential address:

- 1) a valid United Kingdom passport; or
- 2) a valid passport issued by an EEA state; or
- 3) a valid Great Britain or Northern Ireland photo-card driving licence; or
- 4) a valid UK biometric immigration document, issued in accordance with regulations made under section 5 of the UK Borders Act 2007;

or a document listed above which has the person's full name, photograph and date of birth, and a supporting document listed below which has the person's full name and residential address.

- 5) a bank or building society statement;
- 6) a credit or debit card statement;
- 7) a council tax demand letter or statement; or
- 8) a utility bill, but not a mobile telephone bill;

provided that the date on which the document in question was issued is not more than three months before the date when the scrap metal is received by the scrap metal dealer.

Any document in 1-4 which shows the sellers full name, photograph and residential address is ok on it's own. If it doesn't show a residential address it must be backed up by a document shown in 5-8 that shows a residential address and is dated no earlier than three months before the dealer received the metal.

**IT IS ESSENTIAL THAT YOU KEEP A COPY OF ANY DOCUMENT USED TO VERIFY THE NAME AND ADDRESS OF A PERSON THAT YOU RECEIVE METAL FROM.**

## **Record of metal received and disposed of (Sections 13 & 14)**

### **Records – Receipt of Metal**

You must record the following information on receipt of any scrap metal:

- the description of the metal, including its type (or types if mixed), form, condition, weight and any marks identifying previous owners or other distinguishing features
- the date and time of its receipt
- if the metal is delivered in or on a vehicle, the registration mark (within the meaning of section 23 of the Vehicle Excise and Registration Act 1994) of the vehicle
- if the metal is received from a person, the full name and address of that person
- if the dealer pays for the metal, the full name of the person who makes the payment acting for the dealer.

If the dealer receives the metal from a person rather than a company, the dealer must keep a copy of any document which the dealer uses to verify the name or address of that person.

If the dealer pays for the metal by cheque, the dealer must keep a copy of the cheque.

If the dealer pays for the metal by electronic transfer, the dealer must:

- keep the receipt identifying the transfer, or
- the particulars identifying the transfer, if no receipt was obtained.

### **Records - Disposal of Metal**

You must record the following information on disposal of any scrap metal:

For these purposes metal is disposed of – whether or not it is in the same form in which it is received; whether or not it is to another person, whether or not it is despatched from a site.

#### Site Licence Holders –

- the description of the metal, including its type (or types if mixed), form and weight;
- the date and time of its disposal
- if the disposal is to another person , the full name and address of that person
- If the dealer receives payment for the metal (by way of sale or exchange) the price or consideration received.

#### Collectors Licence Holders –

- date and time of disposal
- if the disposal is to another person , the full name and address of that person

All records must be marked to connect them with the piece of metal to which they relate, and must be retained for a minimum of three years, beginning with the day on which the metal is received or (as the case may be) disposed of.

#### **Ban on cash transactions (section 12)**

**There are no circumstances where cash may be paid for metal following the commencement of the Scrap Metal Dealers Act 2013.**

There was an exemption for registered itinerant traders, now referred to as ‘mobile collectors’, under the Legal Aid, Sentencing and Punishment of Offenders Act, but this ended with the commencement of the Scrap Metal Dealers Act 2013.

Instead, a scrap metal dealer must only pay for scrap metal by:

- a non-transferable cheque which under section 81A of the Bills of Exchange Act 1882 is not transferable, or
- by an electronic transfer of funds (authorised by credit or debit card or otherwise

It should be noted that payment must also not be made ‘in kind’, for example, with goods or services.

It is an offence to pay for scrap metal in any other way than those confirmed above.