

FOB TERM	WHO PAYS FREIGHT	WHO BEARS THE COST	WHO OWNS FREIGHT IN-TRANSIT	WHO ASSUMES RISK
FOB Destination, freight prepaid	Shipper	Shipper	Shipper	Shipper
FOB Destination, freight collect	Receiver	Receiver	Shipper	Shipper
FOB Destination, freight collect and allowed	Receiver (deducts from invoice)	Shipper	Shipper	Shipper
FOB Origin, freight prepaid	Shipper	Shipper	Receiver	Receiver
FOB Origin, freight collect	Receiver	Receiver	Receiver	Receiver
FOB Origin, freight prepaid and charged back	Shipper (adds fee to invoice)	Receiver	Receiver	Receiver
FOB Destination, freight prepaid and charged back	Shipper (adds fee to invoice)	Receiver	Shipper	Shipper



What exactly does FOB stand for?

Probably one of the more common terms that people have questions about in the freight industry is terms of sale with acronyms like **FOB** which means free on board or freight on board. Which term that applies depends on where the shipment is going. **Free on board** always applies to international shipments, where the seller has met their obligations to the buyer when freight has been loaded on the ship. In the United States, **free on board or freight on board** is usually followed by additional conditions that state who pays for shipping, who bears the freight charges, who owns the goods in while they are being shipped and who is taking the risk for any damage or loss claims. State law, can vary greatly and usually determines the final meaning of each of the terms. Buyers and sellers may also state in the shipping contract what law or code they are using to define the term as several standards exist including Incoterm and the Uniform Commercial Code.

The following table may be helpful in deciphering freight payment terms: