SEPA Creditors Guide

SEPA Direct Debit Core Scheme

Log of Revisions to the SDD Creditors Guide		
Version number	**Brief description of revision**	**Dated**
	Comprehensive guide published on IPSO Website	December 2012
Version1.1	Amendment to p 8 (See Appendix 2 for sample mandates "and checking guidelines")	10 May 2013
Version 1.1	Modification to Appendix 2 Sample Mandates to include Mandate checking guidelines	10 May 2013
Version 1.2	• Modification to Appendix 2 Mandate checking guidelines & revised sample mandates -updated • Inclusion of Creditor Confirmation letter to customers • Inclusion of Phone & Internet sign up guidelines - updated • Inclusion of text relating to DS-O1 migration rule • Rewording of 'valid' – Section 6.1 – Mandate validation rules • Introduction of Notice to Users • Change to wording on Consumer Rights	August 2013

Notice to Users

- The complete SEPA Core DD Scheme Rulebook is available from the EPC Website, (www.epc-cep.eu) The Scheme Rulebook is published in November each year, and any amendments may require this guide to be updated year on year.

  The purpose of this document is to highlight
  - Scheme components e.g. mandates, advance notice, collections process,
  - Refunds, data formats & Creditor Identifier
  - Obligations for Creditors participating in this Scheme.
  - Identify what are the necessary steps in becoming a new Creditor
  - Identify the requirements for existing Originators who wish to migrate to SEPA DD

- This document does not address your own bank approval process. Each bank may apply their own criteria for approving Creditors to the SEPA DD Scheme. You will need to engage with your bank to begin the process.

- This document does not cover an optional SEPA DD Scheme called SEPA B2B scheme (Business to Business scheme). Your bank may/may not be a participant in this scheme. You should contact your bank for further information on this scheme.

- This document will be updated by IPSO as required and the most recent version will be published on IPSO website www.ipso.ie. It is the user's responsibility to ensure they are referring to the most up to date version of the Creditors Guide.

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SEPA Core Direct Debit Scheme for Creditors

1 Introduction

The SEPA (Single Euro Payment Area) Direct Debit Scheme creates, for the first time, a payment instrument that can be used for both national and cross-border euro direct debits throughout the SEPA area. The geographical scope of SEPA encompasses all EU Member States, Iceland, Liechtenstein, Norway, Switzerland and Monaco.

The SEPA Core Direct Debit Scheme is a new mandatory European scheme. This Scheme will replace existing legacy Direct Debit Schemes throughout Europe and will become effective no later than 01 February 2014, and applies to transactions in euro. The Debtor and Creditor (Originator) must each hold an account with a Payment Service Provider (PSP) located within SEPA. The accounts of the Debtor and of the Creditor (Originator) may be in euro or any other currency, however the transfer of funds (money) between the debtor's bank and the creditor's bank always takes place in the euro currency. Any currency conversion is executed in the Debtor or Creditor Bank.

The PSPs (Payment Service Providers) executing the direct debit transaction must be scheme participants; that is, both must have formally adhered to the SEPA Direct Debit Scheme. The Scheme may be used for single (one-off) or recurrent direct debit collections. All banks within the euro who currently provide direct debit services must become participants by 01st Feb 2014.

By becoming a Creditor (Originator) within the SEPA Core Direct Debit Scheme, you will be able to originate direct debits on any account anywhere in the Euro area. This means debiting an account in Dusseldorf will cost you the same as debiting an account in Dublin, with direct debits being processed within the same timeframe.

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The purpose of this document is to highlight

- **Scheme components e.g. mandates, advance notice, collections process,**
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- **Obligations for Creditors participating in this Scheme.**
- **Identify what are the necessary steps in becoming a new Creditor**
- **Identify the requirements for existing Originators who wish to migrate to SEPA DD**

This document does not address your own bank approval process. Each bank may apply their own criteria for approving Creditors to the SEPA DD Scheme. You will need to engage with your bank to begin the process.

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Section 1: SEPA Scheme Components

2 Mandate Information

2.1 What is a mandate?

Before debiting a Debtor's account, you must have received authorisation from your Debtor to initiate a direct debit to debit their account. This is commonly known as the direct debit instruction (DDI) or the direct debit mandate.

- **The direct debit mandate may be in paper or electronic format and must be signed by the Debtor(s) or person with signing authority on the account specified.**

- **All mandates, paper or electronic, must be retained by the Creditor for the life of the mandate and after expiry, for a period of 13 months after the date of the last collection.**

- **Direct debit mandates must not be forwarded to your Debtor's bank.**

- **The mandate must be physically /electronically stored. In accordance with SEPA Regulation existing domestic scheme mandates (IRECC) will continue to be valid in SEPA, therefore Debtors do not need to sign a new SEPA mandate.**

2.2 What are the types of Mandates?

There are two types of mandate in the SEPA Core Direct Debit Scheme, One off and Recurrent.

- **One off mandates are used for presenting one off direct debit transactions on the account, after which the mandate is expired or cancelled and may not be used for any further presentations.**

- **Recurrent mandates are used for presenting a series of direct debit transactions on your Debtor's account. A typical example of a recurrent mandate is payment of a utility bill or loan repayments.**

- **Each mandate must have associated with it a unique mandate reference (UMR) (See Section 7.1 for a description of UMR). This is a reference which will be used by all parties to identify the mandate and must be quoted on all transactions associated with the mandate.**

- **Should the UMR be unavailable at the time the Debtor is signing the mandate, it must be provided as part of the advance notice to the Debtor prior to collection of the Direct Debit funds.**

- **Once the mandate has expired/or has been cancelled, it cannot be used again for that Debtor.**

2.3 The SEPA Mandate

For Paper mandates there are strict guidelines on the layout of the mandate (See Section 7.3for sample mandates and checking guidelines). Prior to issuing a SEPA Direct Debit, a Creditor should forward a copy of the mandate to their sponsoring bank for approval.

Please note that the legal text cannot be altered in any way and is mandatory on all mandates. The legal text is as follows:

By signing this mandate form, "you authorise (A) NAME OF CREDITOR) to send instructions to your bank to debit your account and (B) your bank to debit your account in accordance with the instruction from NAME OF CREDITOR). As part of your rights, you are entitled to a refund from your bank under the terms and conditions of your agreement with your bank. A refund must be claimed within 8 weeks starting from the date on which your account was debited. Your rights are explained in a statement that you can obtain from your bank".

For paperless mandates (ROI only) the Debtor confirmation letter must also include the legal text.

Creditors must preprint their details on Mandates.

The following fields are mandatory on all mandates
- **Creditor Identifier**
- **Debtor Name and address**
- **Debtor BIC & IBAN(Business Identifier Code, International Bank Account Number)**
- **Creditor's Name and address & postal code**
- **Type of payment (one off or recurrent)**
- **Date of signing the mandate**
- **A unique mandate reference (UMR)**
- **Approved Legal Text**

The above fields must be electronically stored and sent with each collection. Other optional fields, if present on the mandate, must also be stored and sent. This information is called the mandate related information.

Mandate Table: This table describes what the mandatory fields are:

Mandate Field Name	Description
Unique mandate reference	An individual mandate reference must be provided (see appendix 1)
Name of Debtor	This must be provided
Address of Debtor	This must be provided
IBAN of the account to be debited	This must be either extracted from legacy mandate data held by the Creditor or taken from the new signed mandate provided by the Debtor
BIC code of the Debtor bank	This must be either extracted from legacy mandate data held by the Creditor or taken from the new signed mandate provided by the Debtor
Creditor Identifier	This will be provided by IPSO (in Ireland) via your bank and must be part of the mandate information
Name of the Creditor	This must be pre-printed on the mandate information
Address of Creditor	This must be pre-printed on the mandate information
Date of signing	The date of signing of the mandate by the debtor. Where an existing mandates is being transferred to the SEPA scheme and the date of the actual signing of the mandate is not known, the date should be the date when the Domestic mandate is migrated to SEPA.
Transaction Type	This could be OOFF, FRST, RCUR or FNAL

There are other optional fields which are detailed in the Sample mandate form (see Section 7.3)

2.4 Mandate & Collection flow

The following steps outline the flow of the Mandate:

Step 1:   Debtor completes and signs the mandate (paper or electronic) and sends to Creditor.

Step 2:   Creditor must validate the Debtor's account details. If more than one person is required to authorise debits from the account, a paper mandate must be sent to all Debtors, being all persons so authorised, for completion.

Step 3:   Creditor must store the mandate (paper or electronic) together with any amendments relating to it. Creditor also electronically stores the mandate related information (dematerialised mandate).

Step 4:   Creditor sends the electronically stored mandate related information to Creditor bank with each collection.

Step 5:   Creditor Bank sends the collection to the Debtor bank.

Step 6:   Debtor bank debits debtor's account

Step 7:   Creditor Bank credits Creditor's account.

2.5 Can the mandate be amended?

Yes, the mandate details can be amended. The amendment of the mandate is handled between the Creditor and the Debtor. Mandate amendment requests cannot be taken by the banks. An amendment may be required for the following reasons:

- **The Creditor needs to define a new Unique Mandate Reference (UMR)(The Debtor must be notified in advance of next payment)**

- **The Creditor has changed the Identifier information (The Debtor must be notified in advance of next payment)**

- **The Name of the Creditor has changed(The Debtor must be notified in advance of next payment)**

- **The Debtor wishes to change the account to be debited in the same bank.**

- **The Debtor wishes to change the account to be debited in another bank.**

The new amendment data must now be electronically stored by the Creditor and sent as part of the next collection to the Creditor Bank.

- **Mandate Amending transaction types must be received by your Debtor's bank two days (D-2) at the very latest, prior to the due date of the transaction.**

- **The exception to this rule is where your Debtor has moved banks, in which situation, the transaction must be sent as a First transaction type.**

- **The first transaction must be received by your Debtor's bank five days (D-5) at the very latest, prior to the due date of the transaction. Transactions received any later than this will be rejected.**

2.6 Cancelling the mandate

- **The Cancellation of a Direct Debit Mandate is the responsibility of the Debtor and the Creditor.**

- **Under Payment Regulation Banks must cancel the mandate if requested to do so by the Debtor, and the Creditor must not represent on such cancelled mandates. Notwithstanding the Debtor's obligation to inform the Creditor directly, Irish banks will offer the Debtor the service to cancel a direct debit on their account.**

- **Storing and archiving of cancellation documentation (e.g. letter of cancellation to the debtor confirming cancellation) is the responsibility of the Creditor.**

- **Mandates that have been inactive for 36 months must be automatically cancelled by the Creditor.**

- **Once a mandate is cancelled it cannot be used again.**

2.7 Requests for copy of the mandate

Once you receive a request for a copy of a mandate you must forward the copy, or supporting information where the mandate is paperless, to the Creditor Bank within 3 working days.

2.8 Using Bureau Services

Creditors may use Bureau Services to submit their SEPA DD file(s) to their bank, however bureaus must submit the files under the Creditor ID issued to the Creditor by its (Creditor) bank.

3 The Collection of Direct Debits

3.1 Timeline Information

What timelines apply in the SEPA Core Direct Debit Scheme?

The principal stages in the lifecycle of a SEPA debit are outlined in the table below

	Description	Timeline
1	A debit can be submitted by the Creditor Bank to the SEPA scheme up to 14 **calendar** days(unless otherwise agreed between the Creditor and Creditor Bank) prior to the Due Date of the debit.	14 Calendar days
2	A first or one off debit must be received by the Debtor Bank 5 business days before the due date.	5 Business Days (throughout the document this will be referred to as D – 5)
3	A Recurring or Final debit must be received by the Debtor Bank 2 business days before the due date.	2 Business Days (Throughout the document this will be referred to as D -2)
4	Due Date (Date on which the Debtor is debited and Creditor is Credited.	0
5	The latest date on which a Reversal can be exchanged between the Sending & Receiving Bank.	5 Business Days
6	The latest date on which a Return can be exchanged between the Sending & Receiving Bank.	5 Business Days
7	The latest date on which a Refund (authorised transaction) can be exchanged between the Sending & Receiving Bank.	8 weeks
8	The latest date on which a Refund (unauthorised transaction) can be exchanged between the Sending & Receiving Bank	13 Months

3.2 Advance Notice/Pre Notification

Prior to debiting a Debtor the Creditor must notify the Debtor on the amount and the due date of the collection. The advance notice (pre notification) is 14 days unless an alternative timeline has been agreed between the Creditor and the Debtor. The advance notice will take the form of either a schedule of payments over an agreed period of time or an individual advice for each collection (i.e. utility bill).

3.3 Transaction Types

There are four Direct Debit Transaction types:

- **One-off (a one off mandate cannot be reused.)**

- **First Collection**

- **Recurrent Collection**

- **Final Collection**

The One off (OOFF) is a once off mandate that cannot be reused and must be received at the debtor bank at the latest 5 interbank days before the due date (D-5). It constitutes a collection for an amount that can be collected only once, after which the mandate has expired and is redundant. Any subsequent direct debit using the mandate details will be rejected. This transaction can be rejected if details (BIC, IBAN and UMR) have been presented previously using an OOFF, FRST, RCUR, or FNAL transaction type (see explanation of these terms below)

The First Collection (FRST) is the first collection in a series of direct debits and is used for a recurrent mandate. This transaction type must be processed before a recurrent or final transaction, and must be received at the debtor bank at the latest D-5. Again it will be rejected if details (BIC, IBAN and UMR) have been presented previously using an OOFF, FRST, RCUR, or FNAL transaction type.

The Recurrent Collection (RCUR) is a subsequent collection in a series of direct debits and can only be sent after a First Collection type. A recurrent Collection must be received by the debtor bank at the latest, D-2. This transaction type cannot be presented after a final transaction. It will be rejected if details (BIC, IBAN and UMR) have been presented previously using an OOFF, or FNAL transaction type.

The Final Collection (FNAL) is the final direct debit in a series of direct debits and must be received by the debtor bank at the latest, D-2. Once processed on the account, it will result in the termination of the mandate. Any subsequent transaction types on this mandate will be rejected. It will be rejected if details (BIC, IBAN and UMR) have been presented previously using a, OOFF, or FNAL transaction type.

See Appendix 3 for overview in the Collections Process steps.

3.4 What are the File formats?

The legal standard for processing transactions is in XML format (ISO 20022). See http://www.ipso.ie/section/SepaCustomerFileFormats for link to industry standard for Customer file.

Alternatively you can contact your Sponsoring Bank for a copy.

3.5 R" Transactions

Direct Debit transactions that cannot be processed in the normal way or are being returned unpaid are known as 'R transactions'. There are various types of 'R' transactions refunds, rejects, refusals etc, these are outlined below.

3.5.1 Refunds of Authorised Transactions

Refunds are claims by the Debtor for reimbursement of a direct debit. Debtors are entitled to request a Refund for any SEPA Direct Debit within eight weeks from the date on which the amount was debited from the account of the Debtor. Within this eight-week period, Refunds must be provided to the Debtor by the Debtor Bank on a no-questions-asked basis.

3.5.2 Refund of an Unauthorised Transaction

Debtors may claim for a refund of an unauthorised transaction up to 13 months from the debit date. However there will be an investigation phase before the debtor can be refunded.

Authorised transaction - A direct debit is deemed to be authorised once a valid direct debit mandate exists.

An Unauthorised transaction - A direct debit is deemed to be unauthorised for any of the following:

- **No mandate exists**

- **The mandate was invalid**

- **The mandate has expired (no transactions for 36 months)**

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3.5.3 Refusals

Refusals are claims initiated by the Debtor (via their Debtor Bank) and can be requested, up to the close of business the day before the payment is due.

3.5.4 Returns

Returns are initiated by Debtor Bank after Settlement (e.g. insufficient funds).

The latest date for Settlement of a Return is up to five Working days (D+5) after the Settlement Date of the Collection. Irish Banks will maintain the existing timeline for returns (IRECC) and will continue to return on D+1.

3.5.5 Reversals

This is a Creditor initiated request, to re-credit the Debtor who has been debited in error. Reversals must be submitted within 5 days of the original debit date.

Reversals can only be processed after Settlement and within 5 working Days following the Due Date requested in the original Collection. You must confirm with your Creditor bank that they offer this service.

4 Consumer Rights & SEPA Regulation

The SEPA Direct Debit Core Scheme Rules and the SEPA Regulation 260-2012 make provision for the following consumer rights (effective 01 Feb 2014):

A debtor can:

- **Use an account to pay a SEPA Direct Debit in any SEPA country.**

- **Instruct their bank to refuse a Direct Debit.**

- **Prohibit the application of any Direct Debits to their bank accounts.**

- **From 1st February 2014, specify Creditors who may collect Direct Debits from their bank accounts.**

- **From 1st February 2014, specify Creditors who may not collect Direct Debits from their bank accounts.**

- **From 1st February 2014, limit a Direct Debit collection to a certain amount and/or periodicity.**

- **Request a refund for any Direct Debit within eight weeks from the date on which the Direct Debit was debited from their account. Within the eight week period their bank must refund on a no-questions asked basis.**

- **Request a refund for any unauthorised Direct Debit after 8 weeks and within 13 months from the date the on which the Direct Debit was debited from their account.**

5 Participating in the SEPA DD Scheme

5.1 How do I become a Creditor in the SEPA Direct Debit Core Scheme?

In order to join the SEPA Direct Debit Scheme, as a Creditor (Originator) you must be approved into the scheme by a participating Bank. You are required to hold an account with that bank and must originate your transactions via that bank or other means as agreed with your Bank. Each Bank may apply its own prudential criteria for assessment of your suitability as a Creditor (Originator) for inclusion in the SEPA Direct Debit Scheme.

You should contact your bank to start the process of application for membership of the SEPA Direct Debit scheme.

All documentation and application forms must be submitted to your bank.

5.2 Creditor ID

Each Creditor will be identified with a creditor identifier. The SEPA Creditor ID is your ID number in the scheme and is unique to you. This number must be used when submitting files of direct debit transactions for processing and will be used to identify you as a Creditor within the scheme. It allows the debtor and debtor's bank to verify each SEPA DD and to process or reject the DD according of the debtor's instructions.

5.3 How do I get my Creditor Id?

The Creditor ID will be issued by IPSO, and sent to you via your bank. IPSO will record and maintain a central record of all Creditors in the Republic of Ireland.

5.4 What are my Obligations under the Scheme

- **To obtain and use a Creditor Identifier when effecting SEPA Direct Debits**
- **To use a form of Mandate which complies with the SEPA Standards and has been approved by your Bank.**
- **To comply with the terms & conditions of Mandates agreed with its Debtors.**
- **To collect & process data related to the Direct Debit Mandate in accordance with the rules as outlined in the SEPA Direct Debit Scheme.**

- **To hold & store the paper mandate for the life of the direct debit and for 13 months after the mandate has expired or cancelled. The mandate should not be sent to the Debtor's bank.**

- **To pre-notify Debtors in relation to Collections in advance of any debit on their account (at least 14 calendar days before collecting the payment or as agreed with Debtor).**

- **To initiate Collections with your Bank in accordance with the relevant timing requirements set out in the Scheme.**

- **To perform all operational tasks allocated to Creditors under the Scheme in relation to the processing of Rejects, Returns & Refunds & Refusals.**

- **To provide any sponsoring bank with mandate collection information and/or copy of mandate, where requested and within the timelines outlined in the Scheme.**

- **To comply with any guidance for Creditors issued from time to time in relation to risk mitigation to resolve any disputes concerning the underlying contract and the related payments directly with the Debtor.**

- **To submit an application to a Sponsoring Bank, completed in accordance with the requirements of that Bank and the SEPA DD Scheme Rules. Provide to the Sponsoring Bank all requisite business and financial information as may be required in order to evaluate, and accept liability for, the participation of the applicant in the Scheme.**

- **Ensure that all relevant staff of the Creditor, both at the decision-making and operational level, are fully briefed on the relevant aspects of the Scheme.**

- **Be aware that Debtors are entitled to request a "no questions asked" Refund for any SEPA direct debit within 8 weeks from the date on which the amount was debited.**

- **Put in place appropriate software and procedure for creation of DD files for submission in accordance with the Scheme.**

- **Accept instructions from Debtors to amend or cancel DD mandates, requests from Debtors or Banks for copies of mandates, and promptly act on such instructions. For amendments relating to switching accounts from banks, these should be activated on receipt – applicable to ROI Debtors only.**

- **Inform Sponsoring Bank of any amendments to Creditor contact details (e.g. name, address, phone numbers).**

- **Continue to discharge its responsibility and liability under these rules in respect of past Direct Debit transactions.**

6 Step by step guide for existing Creditors moving to SEPA

1. **Apply to your bank for approval**
   Contact your bank to find out what you need to do to become a creditor in the SEPA scheme each bank may apply its own criteria to assess your suitability.

2. **Systems and software for originating SEPA Direct Debits**
   Contact your software provider and/or sponsoring bank for guidance.

3. **Documentation**
   You must submit the following documentation to your bank for approval:
   - **Application to become a SEPA creditor (specific forms/ process for each bank)**
   - **Template copies of your SEPA Direct Debit Mandate(s)**
   - **Detail on how you will populate your Unique Mandate Reference (UMR)(see appendix 1).**

4. **Receive SEPA Creditor ID.** If you currently have multiple OINs, you should consider consolidating to a single Creditor ID and use the 'ZZZ' element in the ID to identify different business areas.

5. **Testing plan complete (if required)**
   Contact your sponsoring bank for guidance.

6. **Staff training**
   Each member of staff dealing with Direct Debit collections should be familiar with the SEPA Scheme rules.

7. **Procedures in place for dealing with 'R' transactions**
   You must have appropriate procedures in place to handle the various types of 'R' transactions (see 3.5) in this document.

8. **Mandate migration**
   Domestic direct debit mandates are valid in SEPA, therefore Debtors do not need to sign a new SEPA mandate to allow you to collect from their account. There are a number of additional data fields that will need to be populated. Please refer to your bank for further information.

9. **BIC & IBAN Conversion**
   To facilitate conversion of your existing debtor's Sort Codes and Account Numbers detail, a service will be provided to convert them to the required BIC & IBAN format.

6.1 Mandate validation rules

A mandate is deemed to be created when the FRST transaction/collection on that mandate has reached settlement. If the FRST collection on the mandate is rejected by either the Creditor bank, or the CSM or the debtor bank then you as the Creditor must submit the FRST transaction again- correcting information if necessary.

If the Debtor Bank were then to Return or request a Refund on the FRST collection on the mandate the next time the Creditor is submitting a transaction it must be a RECUR type on the transaction.

Similarly the same would apply to one-off mandates. If the OOFF mandate is rejected pre-settlement it would be represented as a OOFF transaction again. However if the OOFF transactions is returned/reversed or refunded post settlement, it would not be valid to submit the OOFF transaction/mandate again.

A FNAL transaction type is to be used to signal the mandate has completed or is cancelled. It is not possible to submit another RCUR after submitting a FNAL on a mandate. Once a FNAL has been accepted on a mandate it is not possible to use the same mandate ID for another FRST for another customer, the mandate ID that was used and is now complete must remain unique for the Creditor.

The mandate process for SEPA Direct Debit differs from the Domestic DD Scheme. See table below for differences between the 2 schemes.

6.2 Differences between Domestic & SEPA DD Schemes

Domestic / IRECC	SEPA
Scheme rules and mandate governed by Irish Law	Rulebook governed by Belgian Law Adherence Agreements governed by Belgian Law • Mandate must be governed by the law of one of the SEPA member states
Supports 2 separate schemes - DD and DD+ schemes	Supports Core scheme and, Business 2 Business schemes
DD can only be setup for recurring debits on an account	Supports both recurring and one off collections
Cancellation of a mandate is processed through the Debtors Bank	Cancellation of a mandate must be handled by the Creditor
Dormant after 18 months of non-use	Automatically cancelled after 36 months of non-use
DD scheme facilitates paper sign up DD+ scheme facilitates internet/ telephone /face 2 face /mandate signup	Paper mandate signed by Debtor only, sign-up can be over the phone, via the internet as per DD+ sign up. E-mandates may be optional/available in the future
Creditor forwards mandate to Debtor bank	Creditor retains mandate and send dematerialised information from mandate to Debtor bank. Creditor obliged to store original mandate for the lifetime of the mandate
Process through IRECC	Processed through Clearing & Settlement Mechanism - CSM
Next Day Value	• First or one off presentation must be submitted via Creditors bank to be received by the Debtors bank no later than D-5. • Recurring DDs must be submitted via Creditor's bank to be received by the Debtor's bank no later than D-2.
Sort code and account number	BIC and IBAN
Advance notice • D-14 for DD or as agreed with Debtor • D-10 for DD+ scheme or as agreed with Debtor	Advance notice is D-14 unless a shorter notice period is agreed
D day - debit and credit posted simultaneously for full amount	D Day may be different due to different local Bank Holidays
Unpaids - D+1	Unpaids – up to D+5
Indemnity claim / counter claim process - not time limited since Nov1 2009	Refunds - no questions asked within 8 weeks for any direct debit, after 8 weeks and before 13 months for unauthorised transactions. Claims must be honoured by Creditor or

Domestic / IRECC	SEPA
	Creditor bank
No interchange fees	Multi-lateral interchange fees are permitted for 'R' messages
Standard 18 format	XML ISO20022 format in the customer to bank and the Interbank space
Only 18 characters available to Creditor for the narrative	• 140 characters in remittance details
Mandate to be stored by Debtor bank for the life of the DD	Mandate held by Creditor
Unpaids can only be represented once within 1 month of refusal	No time limit
Tran codes 01 - First 17 - Normal 18 - Representation 19 – Final	Transaction Identifiers One Off First Recurrent Final
No compensation in domestic scheme	Refund compensation for the debtor bank
Switching Code allowed	Switching code allowed, where Creditor and the payer account is domiciled in ROI
OIN	Creditor Identifier
Unique reference	Unique reference
Reversals not allowed	Reversals if offered are allowed up to D+5

7 Appendices

7.1 The Unique Mandate Reference – UMR

Description: This reference identifies for a given Creditor, each Mandate signed by any Debtor for that Creditor. This number must be unique for each Mandate in combination with the identifier of the Creditor (See Appendix 7.5 for definitions and attributes). This unique mandate reference must be submitted with the first collection and each subsequent collection. The collection will be rejected if the UMR has been changed and not flagged as an amendment on a recurrent collection.

The UMR is a free text field of up to 35 characters in length and is case in-sensitive. Please contact your Sponsoring Bank for the suggested content of the UMR.

Mandate Validation:

When Debtor banks validate a collection of a recurrent direct debit, the mandate will be validated against the following four attributes:

Creditor Identifier, UMR, Customer BIC & IBAN

For a recurrent direct debit Banks will validate that the customer BIC and IBAN and the Creditor Identifier are valid and will then match the unique mandate reference against that held on file. If the UMR does not match the collection will be rejected.

Each Creditor will need to decide on how to populate the UMR (attribute 01) in conjunction with the Creditor's Reference of the Direct Debit Transaction (attribute 10 - see details below).

If the UMR is not available at the point in time of signing of the Mandate, the UMR must be made available by the Creditor to the Debtor before the first initiation of a Collection.

7.2 AT-10 - The Creditor's Reference of the Direct Debit Transaction

Description: This number identifies for a given Creditor, each Collection transaction presented to the Creditor's bank, in a unique way. This number will be transmitted throughout the collection process. It must be returned in any exception handling process-step by any party involved. The Creditor must define the content of this attribute and it need only be expected to be meaningful to the Creditor.

The Creditor cannot request for any other referencing information to be returned to him, in order to identify a Collection.

7.3 SEPA Mandates and checking Guidelines

- The SEPA Mandate must be contained on a single page, other information may appear on the rest of the page but must be clearly de-lineated from the mandate. If an Originator wishes to capture additional information e.g. email address, this can be included in the application but not on the Direct Debit Mandate.
- The logos from the legacy scheme i.e. DD and DD Plus or Direct Debit Guarantee must not be used.
- For paper mandates all Debtor mandatory fields must be populated by the Debtor even if they have already provided this information on other documentation such as an application form or contract. All Creditor mandatory fields to be populated by the Creditor.
- In the case of paperless mandates, mandatory fields like debtor address can be pre-filled on the mandate if this information has already been provided by the debtor during the sign-up process, and must be populated on the confirmation notification sent to the debtor.

- **Types of Mandates (See Samples below)**
    There are two types of mandates in the SEPA DD Core Scheme
    - SDD Mandate with Mandatory fields
    - SDD Mandate with Optional additional fields

- **The following <u>heading</u> is mandatory on the Mandate:**
    - **"**SEPA Direct Debit Mandate"

- **The following <u>attributes</u> are mandatory and must be present on the mandate**.
    - Unique Mandate Reference *
    - Name of Debtor
    - Address of Debtor (optional from the 1st Feb 2014)
    - IBAN of account to be debited
    - BIC of the Debtor Bank
    - Creditor Identifier
    - Name of Creditor
    - Address of Creditor
    - Type of payment(recurrent or one-off)
    - Date of signing & signature place

* If the UMR is not available at the time of signing the mandate, it must be advised to the debtor in advance of the first payment. This can be advised by email, SMS or in writing.

Migrating to SEPA, there is no requirement to advise the UMR for existing DD or DD Plus customers in advance, however, the UMR must be available if requested by existing customer

- **The following <u>legal text</u> must also be on the mandate and must not be changed in any way**

    "By signing this mandate form, you authorise (A) NAME OF CREDITOR) to send instructions to your bank to debit your account and (B) your bank to debit your account in accordance with the instruction from (NAME OF CREDITOR).
    As part of your rights, you are entitled to a refund from your bank under the terms and conditions of your agreement with your bank. A refund must be claimed within 8 weeks starting from the date on which you account was debited. Your rights are explained in a statement that you can obtain from your bank."

- **The following attributes are <u>optional</u> on the mandate**:
    - Debtor identification code (line 14) – populated by debtor
    - Name of the Debtor Reference Party (line 15) – populated by debtor
    - Identification code of the Debtor Reference Party (line 16) – populated by debtor
    - Name of the Creditor Reference Party (line 17) – populated by creditor
    - Identification code of the Creditor Reference Party (line 18) – populated by creditor
    - Underlying contract identifier (line 19) - populated by creditor
    - Contract description (line 20) - populated by creditor

    Once any field is populated it must be stored electronically and sent on the XML file to the bank.
    It is possible to use different naming for these attributes so long as the purpose of the field is clear and relates directly to one of the attributes above.

- **Instructions for the customer to <u>return the form</u> to the Creditor must be present on the face of the mandate also.**

- **It is possible to have a section for "<u>Creditor's Use Only</u>" on the mandate.**
    This section must only be completed after receiving the signed mandate from the customer. The data completed in this section must be for internal purposes only and never sent on the file to your bank.

SEPA DD Mandate with Mandatory Fields (no optional elements)

SEPA Direct Debit Mandate *Unique Mandate Reference *Creditor Identifier: IE02ZZZ305651	Creditor's name & Logo

By signing this mandate form, you authorise (A) NAME OF CREDITOR) to send instructions to your bank to debit your account and (B) your bank to debit your account in accordance with the instruction from (NAME OF CREDITOR).

As part of your rights, you are entitled to a refund from your bank under the terms and conditions of your agreement with your bank. A refund must be claimed within 8 weeks starting from the date on which your account was debited. Your rights are explained in a statement that you can obtain from your bank.

Please complete all the fields below marked *

*Your Name : _____

*Your Address:

    Address Line 1_____

    Address Line 2_____

*City/postcode [_____] * Country: [_____]

* IBAN (Account numbe[_____]

*SWIFT BIC [_____]

   *Creditors Name_____
   *Creditors Address Line 1_____
   *Address Line 2_____
   *Country_____

*Type of payment Recurrent ◯ **or** One-Off Payment ◯ (Please tick √)

 *Date of signing: [_____]

*Signature(s) [_____]

Please return this mandate to the creditor and <mark>**not your bank**</mark>

Note: Creditor to complete the following fields: UMR, Creditor ID, Creditor's name & address.

SEPA DD Mandate with optional elements

SEPA Direct Debit Mandate	Creditor's name & Logo
*Unique Mandate Reference	

*Creditor Identifier: IE02ZZZ305651

By signing this mandate form, you authorise (A) NAME OF CREDITOR) to send instructions to your bank to debit your account and (B) your bank to debit your account in accordance with the instruction from (NAME OF CREDITOR).
As part of your rights, you are entitled to a refund from your bank under the terms and conditions of your agreement with your bank. A refund must be claimed within 8 weeks starting from the date on which your account was debited. Your rights are explained in a statement that you can obtain from your bank.
Please complete all the fields below marked *

*Your Name :

*Your Address: Address Line 1_____

Address Line 2_____

*City/postcode * Country:

* IBAN Account number

*SWIFT BIC

> ***Creditors Name**_____
> ***Creditors Address Line 1**_____
> ***Address Line 2**_____
> ***Country**_____

*Type of payment Recurrent◯ **or** One-Off Payment◯ (Please tick √)

*Date of signing:

*Signature(s)

For Information Purposes only

Debtor Identification code

Person on whose behalf Payment is made

Identification code of Debtor Reference Party

Name of Creditor Reference Party - Creditor must complete this if collecting on behalf of another party

Identification code of Creditor Reference Party

Identification number of the underlying contract

Description of the contract

Please return this mandate to the creditor and **not your bank**

Note: Creditor to complete the following fields: UMR, Creditor ID, Creditor's name & address.

7.4 Process Steps in the Collections of Direct Debits Normal Cycle

Step 1:   The Creditor pre-notifies the Debtor of the amount and date on which the collection will be presented to the Debtor Bank for debit.

Note: Under the rules of the SEPA DD Scheme the Debtor may instruct the Debtor Bank to Refuse the Collection at any time up to close of business, the day before the payment's due date.

Step 2:   The Creditor sends the Collections, including the Mandate-related information to the Creditor Bank.

Step 3:   The Creditor Bank may reject some Collections received from Creditors (see 'R' transactions).

Step 4:   The Creditor Bank sends the Collections to the CSM (Clearing & Settlement Mechanism).

Step 5:   The CSM may reject some Collections received from the Creditor Bank.

Step 6:   The CSM sends the Collections to the Debtor Bank in accordance with the Settlement Cycle.

Step 7:   The Debtor Bank may reject some Collections before Settlement.

Step 8:   The Debtor Bank debits the Debtor's account & Creditor account is credited with the amount of the transaction by the Creditor bank.

Step 9:   The Debtor Banks sends the returned Collection back to the CSM after Settlement.

Step 10:   The CSM sends the returned Collection back to the Creditor Bank.

Returns

Step 11:   The Creditor Bank debits the Creditor with the amount of the returned Collection.

Refunds

Step 12:   The Creditor must handle the disputed Collection with the Debtor, without the involvement of the banks.

Step 13:   If the transaction is disputed, the debtor must instruct his bank to reimburse the debited amount for a Refund.

Step 14:   The Debtor Bank credits the Debtor's account and sends the Refund messages to the CSM.

Step 15:   The CSM sends the Collection Refund to the Creditor Bank.

Step 16:   The Creditor Bank debits the Creditor with the amount of the Refunded Collection.

Step 17:   The Debtor initiates a request for a Refund (after 8 weeks) for an Unauthorised Transaction.

Step 18:   The Debtor Banks accepts or rejects the Request for Refund- request Copy of Mandate from Creditor Bank.

Step 19:   The Creditor Bank forwards the request for Refund to the Creditor.

Step 20:   The Creditor investigates the request for Refund and provides a response.

Step 21:   The Debtor Bank decides on the claim, sends the Refund of an Unauthorised Transaction to the CSM and credits the debtor for the refund amount.

Step 22:   The CSM sends the Refund of an Unauthorised Transaction to the Creditor Bank.

Step 23:   The Creditor Bank debits the Creditor with the amount of the refunded Unauthorised Transaction.

Step 24:   The Creditor handles the dispute of a Refund for an Unauthorised Transaction.

7.5 Glossary of Terms

Term	Definition	Equivalent in Domestic Scheme
Adherence Agreement	Agreement that must be signed by participants, in which they sign up to the terms of the SEPA Direct Debit scheme rulebook	
Advance Notice	An advice from the Creditor to the Debtor prior to the presentation of the direct debit, advising of the amount and date of presentation	(same)
AOS	Additional Optional Services Additional features or services that the participants bank or participants national community offer their customers in addition to those defined by the scheme	
Attribute	Specific information required in the dataset on the input file	
Beneficiary	The person who receives the funds	
BIC	Bank Identifier Code This is the SWIFT address assigned to a bank	Sort Code used in domestic scheme
Business Day	A day where the Participant's bank is open for business	(same)
Calendar Day	Any day of the year	(same)
Claim	The payment request initiated by the Creditor	
Collection	Collection is part of DD transaction starting with initiation by Creditor until debit has been taken from the Debtor's account	(same)
Creditor	The originator of the direct debit, on the basis of the Debtor having signed the direct debit mandate	Known as Originator in domestic scheme
Creditor ID	Your ID in the scheme	OIN (Originator Identifier Number 6 digit value
Creditor Bank	The bank where the Creditor holds their account	(same)
Debit Date	The date the Debtors account is debited	
Debtor	The person who pays the direct debit	(same)
Debtor Bank	The bank where the Debtor holds their account	(same)
Dematerialised Mandate	A list of all the mandatory fields/attributes (taken from the paper mandate) that must be contained in an electronic file, which is sent to the Creditor Bank as part of each transaction.	

Term	Definition	Equivalent in Domestic Scheme
Direct Debit	An instruction that a Debtor gives to the Creditor to collect money direct from their account. It is initiated by the Creditor	(same)
Due Date	The date the money is due to the Creditor	Due Date always the same in the domestic scheme
EPC	European Payments Council The decision making and co-ordination body of the European banking industry in relation to payments.	
IBAN	International Bank Account Number The account number quoted in the international format. It is made up of the country code, BIC, branch and account number of the customer	Account Number used in the domestic scheme
Input file	Batch of Direct Debit claims submitted by the Creditor to their bank. Also referred to as 'Submission File'	(same)
Inter Bank (working) Business Day	A day on which banks generally are open for business	Inter Bank Business Day always the same in the domestic scheme
IPSO	Irish Payment Services Organisation Ltd The representative industry body, the voice and guardian of the payments industry and the strategic interface with all payments stakeholders	
IRECC	Irish Retail Electronic Payments Clearing Company Ltd Established to create, maintain and operate an electronic funds transfer payment, clearing and settlement system for domestic electronic payments	
ISO20022	This is an International message standard for financial messaging	
Legal Text	Specific text which must be displayed on the mandate, and must not be changed in any way.	DD Guarantee text
Originator	See Creditor	
Payee	Person to whom the money is owed	(same)
Payer	Person who pays money for goods or services	(same)
Payment Service Provider	A Financial Institution	

Term	Definition	Equivalent in Domestic Scheme
Payment Services Regulation	This regulation established the legal framework for SEPA	Governs both domestic and cross border transactions in SEPA
R Message	The name given to claims that are diverted from the normal course of execution	
Reachability	The term used to describe the banks that can accept SEPA DD claims	
Refund	These are claims by the Debtor for reimbursement of a direct debit. Authorised Refund - within 8 weeks of debit date, no questions asked, Creditor bank must accept this type of refund. Unauthorised Refund - between 8 weeks and 13 months of debit date, Debtor must prove that the direct debit should not have been paid	
Refusal	Where Debtor requests their bank not to pay the claim pre-settlement	
Reject	A claim that is diverted from normal execution, pre or post settlement, by Creditor bank, Debtor bank or CSM	
Return	A claim that is diverted from normal execution, post settlement by the Debtor bank	
Reversal	Creditor initiated request, to re-credit the Debtor who they have debited in error. Must be completed within 5 days of original debit date	
Revocation	AOS that your bank may offer, to recall claims before they are passed to the CSM	
Scheme Participant	All those that sign the adherence agreement	
SEPA	Single Euro Payments Area An area where citizens, companies and other economic participants make and receive payments in euro, whether between or within national boundaries, under the same basic conditions, rights and obligations	
Settlement Date	The date settlement takes place	Settlement Date always the same in the domestic scheme
Sponsoring Bank	A Bank that provides Direct Debit services to a Creditor.	

Term	Definition	Equivalent in Domestic Scheme
Submission file	Batch of Direct Debit claims submitted by the Creditor to their bank. Also referred to as 'Input File'	
UMR (Unique Mandate Reference	This is a unique reference which identifies each mandate signed by the debtor for any given Creditor	
Working Day	Day when banks are open for business	Working Day always the same in the domestic scheme

7.6 Confirmation letter

<div align="right">Creditor Name and Address</div>

Debtor Name:
Address:
City:
Country:

Dear XXX XXXXXXXXX
IMPORTANT: Confirmation of the set-up of your SEPA Direct Debit Mandate
Having accepted your details, can you please check that the details (*) below are correct?

(*) Account Holder name (s)	
(*) Account Number (IBAN)	
Bank Identification Code (BIC)	
Unique Mandate Reference (UMR)	
Creditor Identifier	
Type of Payment (One-off/Recurrent)	
Date of sign up	

If any of the above details are incorrect please call us as soon as possible on (Insert Creditors Contact Number/email address).

However, if your details are correct you need do nothing and your SEPA Direct Debit will be processed as normal. You have the right to cancel your SEPA Direct Debit at any time by writing to <u>Name of Creditor</u> and informing your bank or Building Society in good time.

<u>For information:</u>

> Please note that as you have signed up online or by telephone and have not signed a paper mandate, you authorise (A) <u>Name of Creditor</u> to send instructions to your bank to debit your account and (B) your bank to debit your account in accordance with the instruction from (<u>Name of Creditor</u>).
>
> As part of your rights, you are entitled to a refund from your bank under the terms and conditions of your agreement with your bank. A refund must be claimed within 8 weeks starting from the date on which your account was debited. Your rights are explained in a statement that you can receive from your bank.

Please retain this confirmation letter for your records.

Yours sincerely,

Creditor's Name

7.7 Guide to SEPA Direct Debit Phone Sign-Up

Note:
- Phone & Internet sign up can only be used for Irish Debtor sign up
- BIC & IBAN should be validated via "validate an IBAN" option on the IPSO SEPA Services site, available on the IPSO Website - www.ipso.ie select SEPA BIC/IBAN Service from the home page.

Sample Script for SEPA DD Telephone Sign-up

Script A

After the Debtor has agreed to pay by SEPA Direct Debit the following script should be used:

- *Thank you for agreeing to pay by SEPA Direct Debit. I can now set up your mandate over the phone. Would that be helpful? Debtor agrees.*
- *OK that's fine. Now I just need to record your bank account details. Could I please have your name and address, your Bank Identifier Code (BIC) and your IBAN. These can be found on your Bank Statement.*
- *Please confirm that **you** are authorised to allow direct debits to be collected from this account.*
- *If not, a paper mandate must be sent to the Debtor for completion. Close call.*
- *Can you confirm that the account can accept Direct Debits?*

Ask if they have used this account to make Direct Debit payments before as some Banks or Building Societies may not accept Direct Debits for certain types of account.

- *Now that we have recorded your bank details is there a particular day of the month you would like the money to come out of your account, for instance just after you have been paid?*

If no preference is given, agree on most suitable day for the Originator.

- *We will advise you in advance of the date and amount that will be collected. This notification will be provided by notifying you of the amount(s) and date(s) of a series of payments or (b) through a monthly / bi-monthly bill / invoice. You will receive this notification XX days in advance of the collection date (confirm how notification will be made via post, email or text)*
- *That's it, you have set up your SEPA Direct Debit Mandate.   You will be sent confirmation of this agreement in the post within 3 working days of this phone call.*
- *In future, if there is a change to the date, amount or frequency of your Direct Debit, we will notify you in advance of your account being debited (confirm how notification will be made via post, email or text)*
- *You can cancel a Direct Debit at any time by writing in good time to (the Company name) and informing your Bank or Building Society. (by whatever means is acceptable by your bank)*
- *Now I just want to confirm your Bank or Building Society account details. Your account name is ABC, your IBAN is xxxxxxxxxxxxxxxxxx and your Bank Identifier Code is yyyyyyyyyy. Is that correct?*

 If answer is yes.
- *That completes the setting up of your Direct Debit mandate. If you have any other queries please contact us.*

Script B

If the Customer already has a mandate with you for another service, and wants to use the same account details.

OK that's fine. We can use those details.

Confirm the details back to the Customer and finish the call with advice of the Advance notice period from Script A.

7.8 Guide to SEPA Direct Debit Internet Sign-Up

Note:
- Phone & Internet sign up can only be used for Irish Debtor sign up
- BIC & IBAN should be validated via "validate an IBAN" option on the IPSO SEPA Services site, available on the IPSO Website -   www.ipso.ie select SEPA BIC/IBAN Service from the home page.SSL Certificate: The Creditors website must be secured with SSL. This means that information viewed or entered on the Creditors website are encrypted while in transit over the Internet.

The following are **mandatory** fields which must be presented online and must be completed.

Creditor details should be pre-filled.
1.   Creditor Name and Company Logo
2.   Creditors Identifier Number (CI)
3.   Unique Mandate Reference (UMR) –*If the UMR is not available at the application stage, it must be advised by the Creditor to the Debtor before the first initiation of a collection.*
4.   Creditor Postal Address

Debtor Details – to be inputted by Debtor
5.   Debtor(s) Name
6.   Debtors(s) Address
7.   BIC
8.   IBAN
9.   Is Bank account a ROI bank account?   *Yes or No**
10.   Is more than one signatory required to sign on your account?   *Yes**or No*
11.   Can bank account accept Direct Debit?   *Yes or No**
12.   Please select payment type

Recurring   ⬭   Once Off   ⬭

The following *optional f*ields can be used by the Creditor:

Originator Contact phone number / email address

Debtor contact number / email address.

Once the Debtor has completed and submitted the form the Creditor must provide written confirmation to the Debtor within three days of sign-up.

The confirmation must include the following:
- *Debtor's – Name , Address & Bank details (BIC & IBAN)*
- *Creditor ID*
- *Unique Mandate Reference*
- *Type of Payment one-off or Recurrent*
- *Date of Signing*
- *Standard Legal Text*

The *confirmation letter* or email should be substantially in accordance with the sample in the Creditors Guide.Creditors must maintain archive records of all communications with the Debtor.

* if No - the Internet application process should cease and a suitable error message presented to the customer

** if Yes- the Internet application process should cease and a suitable error message presented to the customer

Please note if you are not offering a 'one off' option the online application should note that the payment is a recurring payment.