SEPA Business Service Operating Conditions

Version Control

Version number	Dated	Contents
V1.0	Oct 2013	First Draft for review by SITF
V1.1	Oct 2013	Inclusion of the use of Creditor ID 111
V1.2	Oct 2013	Remove repetitive content.
V1.3	Oct 2013	Reviewed by SITF
V 1.4	Oct 2013	Final
V 1.5	Oct 2013	Final- removed Confidential watermark

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1   Summary of the SEPA Business Service (SBS)

- The SEPA Business Service is valid for Banks within the SEPA zone.

- SEPA Business Service Direct Debits will be processed in accordance with the rules and standards of the SEPA Core Direct Debit Scheme.

- Creditors operating in SEPA Core Scheme who wish to avail of the SEPA Business Service must request that Debtors complete a Debtor confirmation waiving their right to the 'no questions asked' refund right for authorised transactions and confirming that they are not a consumer[1].

- The Creditor must use a new Creditor ID for the SEPA Business Service which will be a unique range commencing with 111 (three ones) to support identification of SEPA Business Service transactions.

- The Creditor's Name field (AT-03) must be preceded by **B8S** on each transaction on the file to identify the transaction as a SEPA Business transaction.

- Both Creditor and Debtor must be business customers – the service is not available to Consumers.

- Debtor bank must refuse any request for 'no questions asked refund' for an authorised transaction with a Creditor Name starting with B8S.

- Banks must agree to operate the procedures for SEPA Business transactions – a list of all Banks participating will be held by IPSO.

- A Creditor must check that the Debtor's Bank has agreed to participate in SEPA Business Service.

- A Debtor's right to a refund in respect of any authorised SEPA Direct Debit collected under the SEPA Business Service shall extend only to such rights as the Debtor may have in that regard under the Payment Services Regulation 2009[2].

The Service will operate from 1st December 2013 to 1st February 2016.

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[1] Consumer is a natural person who, in payment contracts covered under the PSD, is acting for purposes other than his trade, business or profession.
[2] EC (Payments Services) Regulations 2009(SI No.383 of 2009)

2   Roles & Responsibilities

<u>Irish Payment Services Organisation (IPSO)</u>

- Issue Creditor Identification Numbers (CIDs) via the CID Database.

- Maintain a list of participating banks and communicate requisite information regarding the SEPA Business Service to banks.

- Provide a dispute resolution forum and/or service as required when a dispute arises regarding the conduct of banks or Creditors under the SEPA Business Service.

- Publish appropriate SEPA Business Service documentation on the IPSO Website.

<u>Role and responsibilities of Creditor Bank</u>

In addition to providing Creditor Bank services as per the Core scheme, Creditor Banks will also:

- Provide to its Creditors all documentation relevant to the SEPA Business Service.

- Provide a copy of the Debtor Confirmation to their Creditor.

- Issue new Creditor ID's specific to the SEPA Business Service to their Creditors.

- Ensure that each of its Creditors adheres to the Role and Responsibility of Creditors for the SEPA Business Service.

- Obtain from their Creditors a copy of the Debtor Confirmation on request from Debtor Bank.

<u>Role and Responsibilities of each Creditor</u>

- Obtain a copy of the Debtor confirmation from their Bank.

- Request all eligible Debtors for this Service to complete and return the Debtor Confirmation to the Creditor.

- Use the SEPA Business Service Creditor Id provided by the Creditor Bank / IPSO, for all SEPA Business Service file submissions.

- Prefix the Creditor Name field (AT-03) with **<u>B8S</u>** on **<u>each</u>** direct debit transaction in their file submission.

- Check that the Debtor's bank is a participating bank in the SEPA Business Service.

- Creditors must hold/maintain and provide (where requested) a copy of the Debtor Confirmation.

- Creditors must ensure the customer signing the Debtor confirmation is not a consumer.

- Ensure that the debtor completes a new Debtor Confirmation where a new mandate is signed by the debtor using IBAN(s) or Creditor Id(s) not listed on original Debtor Confirmation.

- Creditor must agree to pay any refund requests in the event that the Debtor is deemed to be a consumer, after the investigation process is complete.

Role of participating Debtor Bank

- Do not provide a 'no questions asked refund for authorised transactions'' within the 8 week period from the date of the debit for all SEPA Business Service Direct Debits.

- Ensure that all other refund requests are actioned in accordance with relevant legislation and DD Rulebooks.

- Instigate a Refund Investigation Process covering:
    - Where a Debtor claims that they did not sign the Debtor Confirmation.
    - Where a Debtor claims they are a Consumer.

Role of the Debtor

- Sign the Debtor Confirmation to waive the right to the 'no questions asked refund' and confirm that they are not a consumer.
- The Debtor must complete a new Debtor Confirmation if a new mandate is signed using an IBAN(s) or Creditor (ID) not listed on original Debtor Confirmation.

3 Refund Rights - Exceptions / Liabilities

Debtor's Refund Rights for authorised transactions

Debtor's right to a refund in respect of any authorised SEPA Direct Debit shall extend only to such rights as the Debtor may have under the Payment Services Regulations 2009.

Debtor's Refund Right for unauthorised transactions

As per the SEPA Direct Debit Core Scheme Rulebook.

"No questions asked" refund given in error by Debtor Bank

- If the Debtor Bank incorrectly provides a refund in respect of a properly identified SEPA Business Service transaction (i.e. CID beginning with 111 & B8S preceding the Creditor Name)), the liability lies with the Debtor Bank who shall have no right of recourse to the Creditor in respect of such refund.

Dispute resolution
- Process is as per SEPA Direct Debit Core Scheme.

Refunds requests where the Debtor claims to be a a consumer

- Where 'no questions asked' refund requests are received by a Debtor Bank in circumstances where the Debtor claims to be a Consumer, the matter shall be investigated, and referred to the Creditor Bank. Where the Debtor can demonstrate to the reasonable satisfaction of the Debtor Bank that they are a Consumer, the Debtor Bank shall be entitled to process the request in accordance with the provisions of the Core Scheme Rules as follows:
  - Debtors may claim a refund of an unauthorized transaction up to 13 months from the debit date. However there will be an investigation phase before the debtor can be refunded.

- If the Debtor is a Consumer, and has been incorrectly admitted to the Scheme, the liability for all transactions remains with the Creditor, and, notwithstanding the execution of the Debtor confirmation by the Debtor, transactions will be dealt with as if transacted under the Core Scheme, with the Debtor being entitled to a refund, and other, rights as set out in the Core Scheme Rules.

- The timelines for the investigation will be as per the SEPA Core Scheme.

Procedure for Creditors who have migrated to SEPA Core Scheme in advance of the availability of the SEPA Business Service will have to;

- Apply to their bank for the SEPA Business Creditor ID and the Debtor confirmation for the SEPA Business Service.

- Get the Debtor confirmation signed by their debtor.

- Advise the Debtor of the new Creditor ID being used on the mandate. Submit an amendment on the existing XML transaction containing the new Business Creditor ID and the new Creditor name preceded by "**B8S**" on each transaction.

  OR

- Get New Mandate signed by the Debtor and submit the subsequent collection as a FRST ensuring the new Business Creditor ID and Creditor Name is preceded by "B8S" on each transaction.

- When the debtor bank is processing the request for a "no-questions-asked" refund, if the Creditor Name on the transaction starts with **B8S** the refund request will be refused.

- If **B8S** is missing from the Creditor Name on the file or other letters used then a refund request will be processed in accordance with the SEPA Core DD Scheme Rulebook.