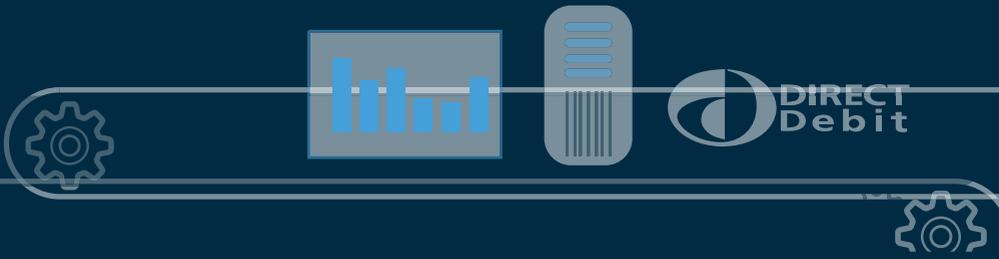


# Direct Debit Collections How to Take Payments





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## **YOUR GUIDE TO TAKING DIRECT DEBIT PAYMENTS**

So, you've decided Direct Debit is right for you? Good choice, but now you need to know how it all works. Our guide will walk you through the entire process, from the initial notification of payment to submission of payment requests and charge back of payments (known as indemnity claims).

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## **NOTIFICATION OF PAYMENT**

The first thing that you need to ensure before any payments can be taken, is that your customers have received "Advance Notice" of the payment to be made. In simple terms this means that the customer in question is informed of each payment before it leaves their account. Normally an invoice is used as the main source of Advance Notification. If you are taking payments, which have a fixed amount, you will only require a single payment notification with details of the frequency and payments to be made. Any variation, however, will require "Advance Notice" for each individual payment.

The only exception to "Advance Notice" occurs if a customer clearly states that they would like their payment completed immediately, effectively waiving the need for "Advance Notice". Any confirmation given, whether in writing or electronically, need to be made as clear as possible.

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## **SUBMISSION OF PAYMENT REQUESTS**

Set Up – The bank will receive payment requests submitted through BACS' (Bankers' Automated Clearing Services) secure, approved server. Each request is then routed to your sponsor bank and your customer's bank.

Cost Per Payment – Both your customers and your banks accounts are debited on the day the payment is due, followed by the two banks settling up between themselves, thus completing the transaction.

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## **AFTER SUBMISSION OF PAYMENTS?**

It can take several days to know whether a payment has been successful or not. If the payment does succeed, the process is simple and your account will be credited.

Unsuccessful payments however, will generate details as to why the payment may have failed. The responsibility then lies with you and your customer to liaise and rectify the situation.



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**“If you are taking payments, which have a fixed amount, you will only require a single payment notification”**

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## CHARGING BACK PAYMENTS

The account holder may recall a Direct Debit payment for various reasons – these are referred to as Indemnity Claims.

While rare, customers are allowed to charge back any payments made under the Direct Debit Guarantee at any time. BACS will notify merchants of any chargebacks and the amount refunded to the customer will be reclaimed automatically from the Service User in 14 working days.

If a customer cancels their Direct Debit or a payment collection fails, we will inform you, providing you with the information you need to make timely cash decisions. As well as benefiting from a flexible, low-cost solution. You can also rest assured that your customers’ details are a safe, secure payment system, which is backed by the Direct Debit Guarantee.

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## SET UP ANY KIND OF COLLECTION

Our intuitive online system makes it easy to set up any type of collection and manage a wide range of collection profiles. We have experience and expertise in a wide range of industry sectors. We work with companies of all sizes to meet the specific needs of your business, whether you’re a utility company collecting variable amounts from your customers, or a fixed fee subscription service.

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## GET IN TOUCH

If you are interested in a variable or fixed recurring collections, or would like to set up a Direct Debit for one-off payments, speak to London & Zurich today. We will talk you through your options and help you understand every aspect of this cost-effective payment option.

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