

# Direct Debit Best Practice

This guide is written for Direct Debit Service users.  
(You = The Service User)

## Direct Debit best practice

### Service User set-up

You must:

- Obtain prior approval from your sponsor for all documentation you intend to use within the Direct Debit scheme.
  - Allow a minimum of four weeks from the date your SUN (Service User Number) is set up on the Bacs service before you lodge any DDIs (Direct Debit Instructions) with the paying banks.
  - Have contingency arrangements available to ensure your Direct Debit collection process is unaffected or there is minimum disruption to your collection process should a system error occur.
  - It is preferred that you apply the modulus checking routine within your own systems at the time the account details are captured.
- If you are an AUDDIS service user, you should apply modulus checking and sort code validation when applying the DDI to your own systems.
- Modulus checking of sort code and account number combinations is mandatory at point of sale if you are a paperless Direct Debit user.

### DDI (Direct Debit Instruction)

- A Direct Debit Instruction is the instruction you, the Service User, send to the payers bank to set up the Direct Debit. The instruction can come from the consumer as a paper mandate or over the phone, if you are a Paperless Direct Debit service user.
- DDIs must not state the amount, date or frequency of collections as they must be variable.
- A DDI may contain a Service Users 'official use box', which can be used to record information that does not make up part of the instruction to the bank. The box must contain the words 'This is not part of the instruction to your bank or building society'.
- You must allow a minimum of 10 working days from date of dispatch before the first collection is presented (unless any other agreement is in place).
- As a new service user, you are required to use a core reference of 6-18 alpha-numeric characters on a DDI; this must then be included on all Direct Debit collections for that customer.
- The use of AUDDIS (Automated Direct Debit Instruction Service) to submit DDIs is mandatory for all new Service Users that submit directly to Bacs.
- You must not collect Direct Debits from a payers account earlier than 5 workings days after lodgment of the DDI.

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### The Direct Debit Guarantee

The Direct Debit Guarantee is issued by the paying banks as an assurance to payers. Recommendations state that the guarantee is printed as a tear off slip at the bottom of the paper DDI. If the guarantee can't be printed with the DDI (paperless) it must be sent out with the 1st advance notice. Service users must not vary the wording in anyway.

With effect for 1st July 2009 previous DD Guarantee wording has been replaced, a copy of the new

wording is available in the Service Users Guide and Rules to the Direct Debit Scheme, section 3.8.1.

It is best practice for all service users to adopt the new Guarantee immediately but service users set up to use Direct Debits prior to this date may continue to use either of the two previous Guarantees until 31st December 2010, Service users set up after 1 July 2009 must use the new wording.

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### Advance Notice

- An Advance Notice is the notice period given to the payer in respect of notification of the date and the amount to be collected.
- You must give notice to a payer before the 1st Direct Debit is collected and in future if the due date, frequency or amount changes.
- The Advance Notice is a written document and the default period to send this out to your customers is a minimum of 10 working days plus postal time (unless any other agreement is in place) prior to the collection date.
- Where the payer is paying on behalf of another person or party, the Advance Notice must be issued to the Direct Debit payer. i.e. the person who signed the DDI.
- You must collect the Direct Debit on or within 3 working days after the specified due date, as advised to the payer on the Advance Notice.

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### ARUDD (Automated Return of Unpaid Direct Debits)

- Unpaid Direct Debits are normally returned by the Paying Bank via the Automated Return of Unpaid Directs Debits service (ARUDD) and returned items are debited to your account on day 5 or, in exceptional circumstances, day 6 of the cycle. All returned unpaids will include a 'reason code'.
- Re-presentation of an unpaid Direct Debit may continue for one month from the date on which the first presentation was made. If payment has not been made within this period, you must make other arrangements for collection directly with the payer or give advance notice of a new collection date and amount.
- If a new collection date is arranged with the payer, you must give the payer at least 5 working days notice of the new date before collection is made.

## ADDACS (Automated Direct Debit Amendment & Cancellation Service)

You must:

- Apply DDI amendments and cancellations immediately, within 3 working days from receipt or as specified by the payer to ensure the accuracy of the Direct Debit collection.
- Amend customer bank details in your software in line with your ADDACS advices to ensure the bank account switching process works successfully from all ends.
- Ensure you keep an audit trail of ADDACS code messages in order to respond to indemnity claims raised.

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## Indemnity Claims

- An Indemnity Claim is a claim made by the paying bank in respect of an incorrect Direct Debit being applied to an account.
- If a counter claim is to be raised it must be raised via your sponsor immediately after or within 14 working days of settlement of the Indemnity Claim.
- You must settle an Indemnity Claim within 14 working days of the date of the claim.
- Where you have received an advice from a paying bank cancelling/amending the DDI, if a collection quoting the old details is already in transit or if a debit is issued with the old details after the date of cancellation advice, you must be aware that the debit may be the subject of an Indemnity Claim.

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## Albany downloads for eCOLLECT / ALBACS / Albany ePAY

Don't ignore prompts within the Albany software for updates - Albany products contain modulus checking tools and will either automatically update or prompt you to do so using a wizard.

Service users must update any databases or applications that use sorting code information at least quarterly to ensure that up-to-date information is used.

Keep an eye on the Albany Software website [www.albany.co.uk](http://www.albany.co.uk) at all times - as there may be updates and information available for you to download.

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### where to find the answers?

For any questions or queries, please seek answers from the following documentation:

- All the information in this guide was researched from the Service User Guide and rules to the Direct Debit Scheme. Refer to this for more details and for any questions relating to the Direct Debit scheme. This can be downloaded from [www.bacs.co.uk](http://www.bacs.co.uk).
- eCOLLECT, ALBACS or Albany ePAY help files for details on using and setting up the Albany products.

### who to call?

If the documentation can't help, please call:

- Your Sponsoring Bank - Issues with Service User Numbers, your indemnity, the Direct Debit scheme and bank account details.
- Bacs Payment Schemes Ltd (BPSL) - Submission queries, Bacs error messages (during submission of the file).
- Albany Software - Issues with the eCOLLECT, ALBACS or Albany ePAY software only.

### useful contact details

#### **Albany Support Department**

##### **For technical support**

Tel: 01420 547640

email: [support@albany.co.uk](mailto:support@albany.co.uk)

##### **For Maintenance queries**

Tel: 01420 547650

email: [maint@albany.co.uk](mailto:maint@albany.co.uk)

##### **For Contingency queries**

Tel: 01420 547649

email: [services@albany.co.uk](mailto:services@albany.co.uk)

[www.albany.co.uk](http://www.albany.co.uk)

Advise Albany ASAP if you have any changes to your company name, address or contact details, so we can keep your record up to date.

#### **BPSL**

Tel: 0870 1650 018 / 0870 0100 698

email: [servicedesk@bacsservices.co.uk](mailto:servicedesk@bacsservices.co.uk)

<https://paymentservices.bacs.co.uk>