

General conditions for SEPA Direct Debit business to business debtors (B2B/Business)

Applicable from 1 November 2009

These General conditions regulate business-to-business payments made via SEPA Direct Debit.

1. About SEPA Direct Debit

1.1 SEPA Direct Debit

SEPA Direct Debit is a payment service that creditors can use to move national or cross-border payments in euro between creditor and debtor accounts.

SEPA Direct Debit is designed for collecting periodically recurring payments from debtors. However, creditors can also initiate one-off payments from the debtor's account.

SEPA is an abbreviation for Single Euro Payments Area, which is a geographical area in which payments are made in euro.

SEPA Direct Debit is based on a set of rulebooks that govern SEPA payments. The rules have been established by the EPC (European Payments Council). The general rules for SEPA Direct Debit are divided into two parts: one part concerns payments from private individuals (Core), while the other part concerns business-to-business payments. In Danish, "business" is used for the part that concerns business to business.

When debtor gives a SEPA Direct Debit mandate to a creditor, he must indicate whether or not he has signed up for SEPA Direct Debit (Core), see Section 3.4.

Creditor is responsible for notifying the debtor of any future payments.

2. Definitions

2.1 Refusal/rejection

Debtor or debtor's bank may refuse/reject a future payment. If a payment has been refused/rejected, the payment will not be processed.

There is a difference between refusing/rejecting a payment and cancelling a SEPA Direct Debit mandate.

Refusing a payment will not affect the validity of the SEPA Direct Debit mandate, and the creditor may continue to initiate payments at a later stage based on that mandate, see Section 9.1.

2.2 Banking day

Banking days are all days except Saturdays, Sundays, Danish public holidays, the Friday after Ascension Day, 5 June, 24 December and 31 December

2.3 Due date

The due date is the date indicated by the creditor as the date of payment. The due date must be a Target day.

If the creditor has indicated a due date which is not a banking day, the payment will be debited from the debtor's account on the following day, which also is a Target day.

2.4 Payment service

Payment service means SEPA Direct Debit and the options that the creditor can add when using SEPA Direct Debit.

2.5 Payment service provider

A payment service provider offers creditors or debtors to use SEPA Direct Debit as a means of payment and is typically a bank or a financial institution.

2.6 Processing period

The processing period is the period that passes after the debtor's account has been debited and the creditor's account has been credited.

2.7 SEPA Direct Debit mandate

A SEPA Direct Debit mandate is an agreement between the debtor and the creditor which authorises the creditor to collect payments from the debtor's account via SEPA Direct Debit.

Outside Denmark, the SEPA Direct Debit mandate is referred to by various other terms that all cover the term mandate.

2.8 SEPA Direct Debit debtor agreement

A SEPA Direct Debit debtor agreement is an agreement between the debtor and the debtor's bank that allows the debtor to pay bills via SEPA Direct Debit.

2.9 Target day

Target days or interbank business days are days set by the European Central Bank on which bank transactions may be processed. Target days may fall on Danish holidays, but not on Saturdays and Sundays. Target days may also fall on days that are not banking days in Denmark.

2.10 Return, refund or reversal

When a payment is refunded, the amount will be debited from the creditor's account and credited to the debtor's account. Debtor, debtor's bank or creditor can initiate a return, a refund or a reversal of a payment that has already been processed. See Section 10.

2.11 Cancellation

The creditor bank may request the cancellation of a payment, in which case the submitted payment data cannot be processed.

3. Debtor's SEPA Direct Debit debtor agreement

3.1 Entering into a SEPA Direct Debit debtor agreement with a bank

In order to use SEPA Direct Debit, the debtor must enter into a SEPA Direct Debit debtor agreement with the debtor's bank. The debtor agreement and associated appendices is a precondition for using SEPA Direct Debit.

The debtor's bank decides whether or not the debtor may enter into a SEPA Direct Debit debtor agreement. Debtor's bank is not under an obligation to enter into a debtor agreement with the debtor.

If debtor's bank wishes to enter into a debtor agreement, it will be a prerequisite that the debtor has entered or enters into an agreement for online banking services, which is a prerequisite for using SEPA Direct Debit B2B.

3.2 Giving SEPA Direct Debit mandates

Once the debtor has concluded a SEPA Direct Debit debtor agreement with his bank, the debtor can give SEPA Direct Debit mandates to creditors.

3.3 How a SEPA Direct Debit mandate works

When the debtor has given a SEPA Direct Debit mandate to a creditor, the debtor authorises the creditor to transfer an amount of money from the debtor's account to the creditor's account.

Debtor can specify in the agreement with creditor that the SEPA Direct Debit mandate applies to several payments for the creditor, e.g. premiums for various insurance policies within the same insurance company.

Debtor and debtor's bank agree on the account(s) to which the SEPA Direct Debit mandate should be associated.

The debtor is responsible for ensuring that the debtor's account contains sufficient funds to cover the payments relating to the mandate.

3.4 Payments covered by the SEPA Direct Debit mandate

As a business, the debtor may enter into a SEPA Direct Debit agreement related to both private and business-to-business payments.

The SEPA Direct Debit mandate contains information about whether the payment is subject to the rules that apply to private individuals or the rules that apply to businesses.

These rules regulate business-to-business payments via SEPA Direct Debit.

4. Creditor's agreement on SEPA Direct Debit

4.1 Creditor's obligations

When a creditor enters into a SEPA Direct Debit agreement with a debtor, the creditor is obliged to comply with the rules that apply to SEPA Direct Debit creditors.

4.2 SEPA Direct Debit mandates documentation

Upon the request of the debtor's bank, the creditor's bank must be able to document that the debtor has given the creditor a SEPA Direct Debit mandate.

4.3 Use of debtor's information

The creditor may only use the information that the debtor has provided to the creditor in connection with the SEPA Direct Debit mandate to initiate payments as specified in the mandate. If the mandate is cancelled, the creditor must

delete all information associated with the SEPA Direct Debit mandate when the debtor is no longer entitled to raise a dispute over a processed transaction.

5. Contractual relationship between the debtor and the creditor

5.1 How and when a payment is processed

A payment from the debtor's account to the creditor's account is based on payment data submitted by the creditor to the payment service provider.

5.2 Effect

Collection of payments via SEPA Direct Debit will discharge the debtor from his payment obligation to the creditor. This is not the case, however, if the payment is subsequently returned by the debtor's bank.

6. Notification of future payments

6.1 Notification – deadline

The creditor must notify the debtor of future payments at least 14 calendar days before the due date, unless the debtor has agreed otherwise with the creditor.

6.2 Contents

Information about the payment, including the amount, account number (payment reference/ID), due date and name must be clearly indicated in the notification for the debtor to identify the payment.

6.3 Debtor's obligation to check notified payments

The debtor is obliged to keep up-to-date about future payments and to check that the payments are correct and in accordance with the SEPA Direct Debit mandate that the debtor has given to the creditor in question.

The debtor must take instant action if he receives a notification about payments to creditors to whom the debtor has not given a mandate.

If the debtor wants to refuse/reject the payment, he must contact his own bank immediately and no later than the due date before 10:30 am as specified in Sections 12.1 and 12.2.

The debtor must contact the creditor if the debtor has been notified about payments that deviate from the SEPA Direct Debit mandate that the debtor has given to the creditor in question.

7. Payment execution

7.1 Payment execution date

The debtor must agree with the creditor when to initiate payments from the debtor's account.

The amount is debited from the debtor's account on the due date or on the following banking day, if the due date is not a banking day.

7.2 Maximum execution time

The maximum total execution time is one banking day.

8. Cancellation of payment data

The creditor can cancel submitted payment data on or before the due date. If the payment data are cancelled in due time, initiated payments will not be processed.

9. Refusal/rejection of a business-to-business payment and deadlines

9.1 Refusal of a business-to-business payment by the debtor

When a payment is initiated as a business-to-business payment, the below conditions apply for refusing/rejecting a payment.

If the debtor does not want to complete a business-to-business payment, the debtor can refuse it. To do so, the debtor must notify his bank about the refusal on or before the due date before 10:30 am as specified in Sections 12.1 and 12.2.

The refusal will not apply to future payments under the SEPA Direct Debit mandate. The debtor can only refuse the full amount.

If the debtor wants to keep the creditor from initiating payments from his account, the debtor must cancel the SEPA Direct Debit mandate and the SEPA Direct Debit debtor agreement.

9.2 Rejection of a business-to-business payment by the debtor's bank

The debtor's bank can reject a business-to-business payment in case of:

- errors in the creditor's payment data or in the processing of data
- insufficient funds on the debtor's account at the payment date
- cancellation of the debtor agreement by the debtor's bank before the payment date
- closing of the debtor's account before the payment due date.

The bank must put forward the rejection no later than two days following the due date before 10:30 am as specified in Sections 12.1 and 12.2.

10. Return/refund of a business-to-business payment

10.1 Debtor's refund of a business-to-business payment

A payment is considered unauthorised if the creditor cannot document that a valid SEPA Direct Debit mandate exists.

A payment is considered erroneous if the payment data have been manipulated, changed, or if they have been used more than once, and if the debtor pays for the same thing more than once.

The debtor must dispute the payment to his bank no later than two days following the payment date before 10:30 am as specified in Sections 12.1 and 12.2.

Once it has been established that the payment is unauthorised or erroneous, the amount will be returned via the debtor's bank.

10.2 Debtor' bank rejection of a payment

The bank can reject a payment in case of

- errors in creditor's payment data or in the processing of data
- insufficient funds on the debtor's account at the payment date
- cancellation of the debtor agreement before the payment date by the debtor's bank
- cancellation of the SEPA Direct Debit debtor agreement and thus closing of the account before the payment date, because the debtor is no longer a customer with the bank.

The rejection of a payment by the debtor's bank must be initiated no later than two banking days after the payment date in accordance with Sections 12.1 and 12.2.

11. Creditor's reversal of a business-to-business payment

The creditor can initiate a reversal of a payment that has already been processed if the creditor becomes aware that the payment should not have been initiated.

The creditor's request for reversal must be initiated no later than two banking days after the payment date, see Sections 12.1 and 12.2.

12. Opening hours, deadlines and procedure

12.1 Opening hours

The opening hours for queries relating to disputes are all banking business days until 10:30 am. Queries made at a later time will be considered as queries made on the following banking day.

The opening hours have been established considering the deadline for receiving the debtor's query in order to be able to process it within the same calendar day.

12.2 Deadlines

If the deadline for submitting the dispute is a Target day, which is a non-banking day, the SEPA Direct Debit deadline will expire on the Target day. In that case the debtor must submit his request no later than on the banking day before the Target day on which the deadline expires.

12.3 Procedure

If a debited amount is to be returned/refunded/reversed, the amount will be credited from the creditor's account to the debtor's account.

13. Cancellation of the SEPA Direct Debit debtor agreement by debtor's bank

13.1 Cancellation by the debtor's bank

The debtor's bank may cancel the SEPA Direct Debit debtor agreement by giving at least two months' notice.

The debtor's bank is entitled to terminate the agreement in the event of material breach on the debtor's part. A cancellation takes place and becomes effective immediately.

13.2 Effect of termination

If the debtor's SEPA Direct Debit mandate is cancelled or terminated, the SEPA Direct Debit debtor agreement on which the mandate is based becomes invalid.

14. The bank's failure to meet its obligations

If a payment cannot be executed because the debtor's bank suspends payments or goes bankrupt, the creditor is entitled to collect payment from the debtor in another way.

In this situation the creditor is not entitled to claim that the debtor has failed to fulfil his obligations due to the non-execution of the payment, if the debtor pays within the deadline set by the creditor.

15. Errors, delays etc.

15.1 Correct execution

A payment that has been executed in accordance with the submitted payment data is considered correctly executed.

When a payment has been initiated by the creditor, the creditor's payment service provider is responsible for any loss arising directly as a result of erroneous processing of the payment, including non-compliance with the agreed execution time.

When the creditor's payment service provider has received the amount, the service provider is responsible for any loss experienced by the creditor arising directly from erroneous processing of the payment

15.2 Remedies for breach

If a payment is not executed or is delayed due to the reasons mentioned above, the debtor is not expected to remedy the breach, except for any claims for interests. If the amount has been debited from the debtor's account, the debtor will be discharged from his payment obligation.

16. The bank's liability

The bank is liable if it fails to fulfil its obligations due to errors or negligence.

Even in cases of stricter liability, the bank is not liable for losses arising from

- breakdown of, or lack of access to IT systems or damage to data in these systems due to any of the factors listed below and regardless of whether the bank or a third party supplier is responsible for the operation of these systems;
- power failure or a breakdown of the bank's telecommunications, legislative or administrative intervention, war, revolution, civil unrest, sabotage, terrorism or vandalism (including computer virus attacks or hacking);
- strikes, lockouts, boycotts or picketing, regardless of whether the bank or its organisation is itself a party to or has started such conflict and regardless of its cause (this also applies if the conflict affects only part of the bank); This also applies when the conflict affects only part of the bank; or
- other circumstances beyond the bank's control.

The bank is not be exempt from liability, if

- the bank ought to have foreseen the cause of the loss when the agreement was concluded or ought to have avoided or overcome the cause of the loss;
- the bank due to legislation is liable for the cause of the loss under any circumstances.

17. Prices for the bank's services

17.1 Charges

Prices are stated in the current price list of the debtor's bank.

18. Changes to debtor conditions

18.1 Notification

Any changes of the General conditions for SEPA Direct Debit (B2B) that will cause the debtor inconvenience are subject to two months' notification. Other changes may take effect without notice. The debtor will be notified of changes by email, ordinary mail or via the debtor's online banking service.

18.2 Approval

The debtor is assumed to have approved the notified changes unless he informs his bank that he does not wish to be bound by the revised conditions. In that case, the debtor agreement will be terminated as from the day when the changes take effect.

19. Legal proceedings, venue and disputes

These General conditions for SEPA Direct Debit (B2B) are governed by Danish law.

Disputes may be brought before the ordinary courts in the jurisdiction of the domicile of the debtor's bank, unless otherwise agreed between the debtor and his bank.