

General rules for SEPA Direct Debit creditors

Valid from 1 November 2009

These general rules regulate creditors' use of SEPA Direct Debit.

1. About SEPA Direct Debit

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

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

SEPA is an abbreviation of Single Euro Payments Area, which is a geographical area in which payments are made in euro. The creditor guidelines contain a summary of the countries to and from which payments can be made.

SEPA Direct Debit contains a set of rules established by the European Payments Council (EPC) for such payments. The general rules for SEPA Direct Debit are divided into two parts: one part is designed for payments from private individuals (Core), while the other part is designed for business payments (Business-to-Business). In Danish, "privat" (private) is used for the Core part and "erhverv" (business) for the Business part.

When creditors enter into SEPA mandates with debtors, creditors must ensure that debtors have signed up to SEPA for private or business payments, cf. Section 5.5.

The creditor is responsible for notifying the debtor of any forthcoming payments.

2. Definitions

2.1 Rejection

The debtor or the debtor's bank may reject a forthcoming payment. If a payment is rejected, it means the payment cannot be completed.

2.2 Banking business day

Banking business 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 due date, and on which the amount is debited from the debtor's account. Due dates can only be dates that are both banking business days and target days, cf. Section 2.11.

2.4 Payment data

Payment data are the data that form the basis of the payment and which the creditor sends to Nets. A specification of payment data is provided in the guidelines.

2.5 Payment service

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

2.6 Completion time

The completion time is the time that passes from the debiting of the debtor's account to the crediting of the creditor's account.

2.7 Nets

Nets A/S (CVR no. 20 01 61 75) is the company that offers SEPA Direct Debit services and enters into a Nets creditor agreement with the creditor for connecting to the system.

2.8 PI creditor agreement

A PI creditor agreement is the agreement the creditor enters into with their bank. The PI creditor agreement is a prerequisite for the creditor to use SEPA Direct Debit and initiate payments from debtors.

2.9 SEPA mandate

A SEPA mandate is an agreement between the debtor and the creditor authorising the creditor through SEPA Direct Debit to initiate payment obligations from the debtor by debiting the debtor's account

Outside Denmark, the SEPA mandate is referred to by various other terms that all cover the concept of "mandate".

2.10 SEPA Direct Debit connection agreement

A SEPA Direct Debit connection agreement is an agreement between the debtor and the debtor's bank that allows the debtor to use SEPA Direct Debit.

2.11 Target days

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

2.12 Return, refund or reversal

When a payment is returned/refunded/reversed, the amount will be charged back from the creditor's account to the debtor's account. The debtor, debtor's bank or creditor may request a return/refund/reversal of a payment already made, as described in more detail in Sections 12, 13.2 and 17.

2.13 Cancellation

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

2.14 Additional services

Additional services means the SEPA Direct Debit functions with which the creditor can choose to supplement the collection.

3. Creditor's agreement on the use of SEPA Direct Debit

3.1 Agreement conclusion

The creditor must enter into a Nets creditor agreement on the use of SEPA Direct Debit with Nets. The Nets creditor agreement with its associated appendices is a prerequisite for using SEPA Direct Debit as a creditor.

3.2 Parameter of the creditor agreement with Nets

Nets, in conjunction with the bank, determines a parameter for the transaction volume for which the creditor can initiate payments. The creditor is obliged to keep within the agreed parameter.

During credit assessment, a collection parameter is established for the creditor; this is in euro. The collection parameter is the transaction volume for which the creditor can initiate payments from debtors' accounts. The creditor's processed transactions, calculated as the sum of the amount of the last eight (8) weeks' collections (private payments)

and the last two (2) days' collections (business payments), must not exceed the collection parameter.

Exceeding the parameter is considered a breach of the agreement.

Nets reserves the right to assess the parameter on an ongoing basis in relation to the creditor's transaction volume and other criteria that may constitute a risk. As part of the creditor agreement, and in conjunction with the creditor's bank, the creditor allows Nets to obtain credit information, including from the creditor's bank.

Based on an amended risk/credit assessment, Nets reserves the right to reduce the parameter or demand security for maintaining or increasing the parameter.

Repeated or significant exceeding of the agreed parameter, or the failure to provide security/provision of inadequate security, is considered a significant breach and may result in the cancellation of the creditor agreement, cf. Section 24.

3.3 Entry into force

The creditor agreement enters into force when the creditor has entered into a PI creditor agreement with their bank on the use of SEPA Direct Debit. The bank is not obliged to enter into an agreement with the creditor on the use of SEPA Direct Debit. The creditor's bank may choose to set terms and conditions for entering into a PI creditor agreement.

4. Creditor obligations

4.1 Rules and guidelines

The creditor shall comply with the existing rules and guidelines for SEPA Direct Debit. The rules can be found in the Nets creditor agreement and PI creditor agreement. In the event of any discrepancies, these conditions as well as other appendices to the Nets creditor agreement take precedence over the creditor guidelines.

4.2 SEPA payment as a condition of the agreement

If the debtor's collection using SEPA Direct Debit is one of several conditions of the agreement associated with the creditor's sale of goods and services to the debtor, this must be clearly stated in the agreement with the debtor.

4.3 Use of information received

Information that the creditor receives from the debtor in connection with entering into a SEPA mandate must be used solely to initiate collections in accordance with the SEPA mandate.

If the contractual relationship with the debtor ends, the creditor must delete the information once the debtor is no longer able to raise a dispute with regard to the completed payment.

4.4 Updating creditor's information

The creditor is obliged to keep up-to-date all the relevant information that Nets received on entering into the Nets agreement to use SEPA Direct Debit. The obligation includes names, addresses, e-mail addresses, telephone numbers and bank account information.

5. Debtor's SEPA mandates

5.1 Use of SEPA mandates

The creditor may only use SEPA Direct Debit for payments regarding payment obligations where the debtor has a SEPA mandate with the creditor.

5.2 Effect of a SEPA mandate

When the debtor enters into a SEPA mandate with the creditor, the debtor authorises the creditor to initiate payments of sums between the debtor's account and the creditor's account on the due date specified by the creditor.

The SEPA mandate is linked to the SEPA Direct Debit connection agreement which the debtor has with their bank.

5.3 Use of debtor's SEPA mandates

If the same SEPA mandate can be used for payments for several payment obligations between the creditor and debtor, e.g. agreements entered into after the SEPA mandate, it must be clearly stated in the agreement with the debtor that the same or existing SEPA mandate is being used.

5.4 Entry into SEPA mandates

When the creditor enters into SEPA mandates with debtors, the creditor must ascertain whether it is a private or business debtor.

The creditor must state the status of the payment as "private" or "business" in the SEPA mandate. The creditor must never indicate a private payment as a business payment.

5.5 Private or business

The creditor is responsible for ensuring that SEPA mandates with debtors with a connection agreement under the conditions for private payments are not entered into based on the conditions that only apply for business payments.

If the creditor sends a collection under the conditions of the business payments to a debtor who is entitled to the conditions for private payments, the creditor risks the collection not being processed.

If the collection nonetheless is completed, the terms and conditions established for private payments in SEPA Direct Debit apply, regardless of what the creditor has otherwise agreed with the debtor.

The creditor can, however, choose to initiate all payments under the terms and conditions established for private payments in SEPA Direct Debit.

5.6 Content of SEPA mandates

The SEPA mandates must contain the information shown in Appendix 3 ("Indhold af en SEPA Direct Debit betalingsaftale"/(Doc.EPC175-08-da)).

5.7 SEPA mandate documentation

If requested by the debtor's bank, the creditor's bank must be able to document that there is a valid SEPA mandate with the debtor.

The creditor is obliged to document the SEPA mandate entered into with a debtor, if requested to do so by their bank. This also applies if a SEPA mandate has been collected without the debtor's physical or electronic signature.

6. Debtor's application to SEPA Direct Debit

6.1 Debtor's SEPA Direct Debit connection agreement

For the debtor to use SEPA Direct Debit, it may be a prerequisite that the debtor has entered into a SEPA Direct Debit connection agreement with their bank. The debtor's bank is not obliged to enter into a connection agreement with the debtor.

7. Notification of debtor

7.1 Deadline

The creditor must notify the debtor of a forthcoming payment. The notification must reach the debtor no later than fourteen (14) calendar days before the due date, unless otherwise agreed with the debtor.

7.2 Content of notification

Information on the payment, including the amount, account number (payment reference/ID), due date and your name must appear on the notification so that you can clearly identify the payment.

8. Payment data

8.1 Requirements for payment data

Payments are completed on the basis of the payment data sent to Nets by the creditor.

Payment data may only relate to payments based on valid SEPA mandates, and must comply with the specifications in the guidelines for SEPA Direct Debit.

8.2 Submission of payment data

The creditor's submission of payment data must take place in accordance with the procedure established by Nets.

If the creditor personally sends payment data to Nets, the creditor must enter into a data supplier agreement with Nets. The agreement regulates the conditions regarding the submission of data, receipts for data sent and other circumstances relating to data communication with Nets.

The creditor may submit payment data to Nets no earlier than fourteen (14) calendar days before the due date.

The creditor may not submit payment data based on a SEPA mandate if more than 36 months have passed since the SEPA mandate was last used to initiate a payment from the debtor's account.

8.2.1 Private payments

If the payment takes place under the terms and conditions for private payments, and it is the case of a one-off payment or the first payment of several recurring payments, the creditor must submit payment data no later than five (5) banking business days before the due date.

In the event of the second or later payment of several recurring payments, the creditor must submit payment data no later than two (2) banking business days before the due date.

8.2.2 Business payments

If the payment takes place under the terms and conditions for business payments, the creditor must submit payment data no later than the banking business day before the due date.

8.3 When payment data are regarded as received in Nets

Payment data are considered received by Nets when Nets issues a receipt stating that the transmission of data is completed. The transmission receipt does not indicate that Nets has validated the payment data.

8.4 Validation of payment data

Nets validates payment data once they are received. A delivery receipt is issued based on the validation. It specifies which collections can be processed as SEPA Direct Debit payments and which collections cannot be completed.

If the payment data are not valid and thus unsuitable for further processing, Nets will give notice of this as soon as possible.

8.5 Use of subcontractors

If the creditor does not supply the payment data personally, but instead uses an independent data supplier to transmit payment data to Nets, the creditor bears the same risk and liability, and is subject to the same rules and legislation, that would apply if the creditor had supplied the payment data to Nets personally.

The subcontractor must enter into a data supplier agreement with Nets.

9. Completion of payments

9.1 Payment completion time

The amount will be debited from the debtor's account and credited to the creditor's account on the due date specified by the creditor in the payment data.

The PI creditor agreement regulates the time for which interest is calculated on completed payments.

9.2 Payment and receipt

Payment from the debtor's account through SEPA Direct Debit is regarded as payment and gives full discharge to the debtor. This does not apply, however, if the payment is subsequently charged back.

9.3 Maximum completion time

The maximum total completion time is one banking business day.

10. Creditor's cancellation of payment data

The creditor can cancel submitted payment data no later than the due date. If the data are cancelled in time, the initiated payments will not be completed.

11. Rejection by the creditor's bank

The creditor's bank may, by no later than the due date, reject/cancel submitted payment data in situations where there is a basis for assuming that the submitted data will not lead to the completion of payments, including but not limited to situations where:

- there is an error in the creditor's payment data or processing of these;
- the creditor's use of SEPA Direct Debit exceeds the scope or amount which the creditor has agreed with their bank;
- the creditor's account relationship with the bank has ended before the due date.

The request from the creditor's bank must be submitted no later than the due date.

12. Creditor's return of a business payment

The creditor has the option to initiate a return of a payment already completed if the creditor becomes aware that a payment should not have been initiated.

The creditor's request for a return must be initiated no later than two (2) banking business days after the due date.

13. Debtor's rejection or request for return of a private payment and deadlines

If a payment is processed as a private payment, the following rules for rejecting or returning a payment apply.

13.1 Debtor's rejection of a private payment

If the debtor does not want a payment to be completed, the debtor may reject it. The debtor's notification must reach the debtor's bank no later than the due date.

The rejection shall not apply to future payments relating to the SEPA mandate. A payment may be rejected only in its entirety.

13.2 Debtor's request for a return of a private payment

If the debtor wants a completed payment to be returned, the debtor may request this from their bank.

The debtor must submit the request to the bank no later than eight (8) weeks after the due date.

The transferred amount will then be refunded from the creditor's account to the debtor's account.

The refund shall not apply to future payments relating to the SEPA mandate. A payment may be refunded only in its entirety.

14. Debtor's rejection of a business payment

If a payment is processed as a business payment, the following rules for rejecting a payment apply.

14.1 Debtor's rejection of a business payment

If a debtor does not want a payment to be completed, the debtor may reject it provided that the debtor's notification of this reaches the debtor's bank no later than the due date.

The rejection shall not apply to future payments relating to the SEPA mandate. A payment may be rejected only in its entirety.

15. Dispute by debtor regarding unauthorised and invalid private payments and deadlines

15.1 Dispute by debtor regarding unauthorised and invalid private payments

The debtor may raise a dispute with their payment service, stating:

1. that the debtor does not have a SEPA mandate with the creditor concerned about the use of SEPA Direct Debit in the payment obligation concerned;
2. that a completed payment is the result of an error.

A payment is regarded as unauthorised if the creditor is unable to document that a valid SEPA mandate exists.

A payment is regarded as incorrectly completed if the payment data have been corrupted and their contents changed, or if the same payment data are used more than once and the debtor thus pays the same debt more than once.

The debtor must submit their dispute to their bank as soon as possible, though no later than thirteen (13) months after the due date.

When it has been established that a payment is unauthorised or has been incorrectly processed, the amount will be refunded via the debtor's bank.

16. Dispute by debtor regarding unauthorised and invalid business payments and deadlines

16.1 Dispute by debtor regarding unauthorised and invalid business payments

A payment is regarded as unauthorised or incorrect under the same circumstances as those listed in Section 15.1.

The debtor can submit the same disputes to their payment service provider as those described in Section 15.1.

The debtor may, depending on the agreement between the debtor and the debtor's bank, submit the dispute to their bank for up to thirteen (13) months after the due date.

When it has been established that a payment is unauthorised or has been incorrectly processed, the amount will be refunded via the debtor's bank.

17. Refund of a payment by debtor's bank

The debtor's bank may request a refund if:

- there is an error in the creditor's payment data or how they have been processed;
- the debtor's account does not hold sufficient funds at the due date;
- the debtor's bank has withdrawn its agreement with the debtor before the due date;
- the debtor's account relationship with the bank has ended before the due date.

The request from the debtor's bank must be made no later than two (2) banking business days after the due date where the payment has been processed as a business payment, and no later than five (5) banking business days after the due date where the payment has been processed as a private payment.

18. Opening hours, calculation of deadlines and procedure

18.1 Opening hours

Creditors may contact the bank regarding cancellations on all banking business days until 10:30 am. Enquiries made later than this will be regarded as having been made on the following banking business day.

The opening hours have been set with regard to when your enquiry needs to have been received in order to be processed before the data submission deadlines on the same day.

18.2 Deadlines

If the day, cf. Section 18, on which the deadline expires is not a banking business day, the deadline is the first banking business day following this.

If a deadline falls on a target day that is not a banking business day, the deadline in SEPA Direct Debit will expire on the Target Day. In this case, you will have to submit your dispute no later than the banking business day before the target day on which the deadline expires.

18.3 Procedure

If a completed payment is to be refunded, the amount will be refunded from the creditor's account to the debtor's account. The creditor must, at the request of Nets, inform the debtor of the refund if a payment is refunded due to an error in the payment data.

If the debtor claims interest, the creditor is liable for the debtor's loss of interest in the event of a refund.

18.4 Documentation from creditor

In these situations, the creditor is obliged to provide their bank with documentation of the contractual relationship with the debtor, so that a dispute by the debtor can be dealt with immediately.

19. Cancellation of a SEPA mandate

19.1 Cancellation

If the debtor wishes to cancel a SEPA mandate, the debtor must inform the creditor of this.

If the account relationship between the debtor and the debtor's bank ends, including if the debtor's account is closed or blocked, the basis for the payment authorisation will expire. In such a case, the debtor's bank will refuse to make payments to the creditor.

19.2 Effect of cancellation and expiry of a SEPA mandate

The creditor can no longer initiate payments via SEPA Direct Debit in accordance with a SEPA mandate once this has been cancelled.

The creditor may not restore a cancelled SEPA mandate.

If the creditor is aware that the basis for a SEPA mandate has expired, collections must not be initiated under this agreement, even if the SEPA mandate itself has not yet been cancelled. In such cases, the debtor's bank is entitled to return the payment.

19.3 If the creditor changes bank

If the creditor changes bank, payments based on existing SEPA mandates will be completed only if the creditor enters into a new PI creditor agreement with another bank.

The creditor should request that the debtor inform the creditor if the debtor changes bank.

20. If the debtor's bank fails to meet its obligations

In such a situation, the creditor will be directed to collect the amount from the debtor in some other way and cannot claim remedies for breach of contract in respect of the debtor as

a result of a non-completion of the payment, although the creditor is entitled to claim interest.

21. If the creditor's bank fails to meet its obligations

If the creditor's bank is unable to meet its obligations, Nets will step into any security that may have been established in the creditor's bank in connection with the SEPA Direct Debit connection agreement.

Nets will be able to rectify any refund claims from debtors directly against the creditor – regardless of the lack of ability on the part of the creditor's bank to fulfil its obligations to the creditor.

The creditor is obliged to help the bank/Nets by providing information about SEPA mandates in those situations where a debtor raises a dispute.

22. Nets liability to provide compensation

Nets shall be liable for late or defective performance of its contractual obligations resulting from error or negligence.

Even in areas of increased liability, Nets shall not be liable for losses arising from:

- the breakdown of, or lack of access to, IT systems, or damage to data in these systems due to any of the factors listed below, regardless of whether Nets or a third-party supplier is responsible for the operation of these systems;
- power failure, or a breakdown of Nets' telecommunications, legislative or administrative intervention, natural disasters, war, revolution, civil unrest, sabotage, terrorism or vandalism (including computer virus attacks or hacking);
- strikes, lockouts, boycotts or picketing, regardless of whether Nets or the company's 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 Nets;
- other circumstances beyond Nets' control.

If requested to do so by Nets, the creditor shall contribute to remedying any negative consequences of the events mentioned above, such as re-transmitting payment data.

Nets shall not be exempt from liability:

- where Nets ought to have foreseen the circumstances that have caused the loss when the agreement was entered into, or where Nets ought to have avoided or overcome the cause of the loss;
- in all circumstances where Nets is liable by law for the situation that led to the loss.

23. Prices and payment

23.1 Prices

Prices are stated in the current price list.

Nets' services must be paid net cash.

For services that are not listed in the price list, prices must be separately agreed with Nets.

23.2 Payment to Nets

Payment shall take place by Nets debiting the account stated by the creditor. At the same time, Nets shall send a specification of the debited amount.

24. Termination/cancellation of Nets creditor agreement

The agreement between Nets and the creditor on the creditor's use of SEPA Direct Debit may be terminated by either party by giving two (2) months' written notice.

If the creditor's bank informs Nets that it no longer wishes to maintain the PI creditor agreement with the creditor, Nets will similarly terminate the Nets creditor agreement, unless the creditor enters into a new PI creditor agreement on SEPA Direct Debit with another bank.

Nets may withdraw the Nets creditor agreement on the use of SEPA Direct Debit if the creditor has significantly breached the rules for using SEPA Direct Debit, especially by repeated or serious infringement.

25. Changes to the Nets creditor agreement and its appendices

25.1 Notification of changes

Changes to the agreement and appendices, including the present terms and conditions, are subject to two (2) months' notice where these changes are to the creditor's disadvantage. The creditor will be notified of changes by e-mail or post.

The creditor is obliged to personally inform Nets of any changes to the creditor's information. The creditor is personally responsible for the non-receipt of notifications of change if the information is not kept up-to-date. See Section 4.4.

25.2 Approval of changes

The creditor is assumed to have approved the notified changes, unless, before the changes become effective, the creditor informs Nets that the creditor does not wish to be bound by the revised conditions. In such cases, the agreement is to be considered terminated no later than at the time at which the changes come into force.

26. Law, jurisdiction and disputes

This Nets creditor agreement and its appendices are governed by Danish law.

Disputes between the creditor and Nets may be brought before the Danish Complaint Board of Banking Services, if the dispute is regarding the completion of a payment service, and the Danish Financial Supervisory Authority, if the dispute concerns the company's role as a payment service provider.

Complaints to the Danish Complaint Board of Banking Services are, however, limited to complaints that concern non-business relations and comparable complaints.

Disputes between creditor and Nets may also be brought before the ordinary courts in the jurisdiction of Nets' domicile.