

# SEPA DIRECT DEBIT PROCESSING TERMS AND CONDITIONS



Československá obchodní banka, a. s.

Postal Savings Bank (Poštovní spořitelna)

Československá obchodní banka, a. s., with Registered Office at Radlická 333/150, 150 57 Praha 5, ID No. 00001350, registered in the Commercial Register of the Municipal Court in Prague, Section B: XXXVI, Entry 46 (hereinafter the “Bank” or “ČSOB”) issues these Terms and Conditions for Processing Payments by SEPA Direct Debit (hereinafter the “Terms and Conditions”) specifying the principles for providing the SEPA Direct Debit Service and setting up the prerequisites, terms, and conditions which the payer and the payee must both meet to use this method of ČSOB payment processing.

## General terms and conditions

### 1. SEPA Direct Debit – SDD:

is a cashless direct debit in EUR made according to a direct debit order submitted by the payee in accordance with a prior agreement the payee concluded with the payer to collect funds from their account (Mandate).

When processing this direct debit ČSOB, adheres to the Regulation of the European Parliament and EU Council No. 260/2012 and the generally valid rules in the SEPA Rulebook (hereinafter the “SEPA Direct Debit Rules”) which apply to all EU banks and which the banks of SEPA Direct Debit payers and payees must also follow.

The SEPA Direct Debit allows direct debit transactions to be made in EUR within the EU/EEA member countries, or other countries that are SEPA participants.

2. The SEPA Direct Debit at the bank is governed by these Terms and Conditions, by the SEPA Direct Debit Rules and commensurately by any appropriate Terms and Conditions for Accounts and Payments.
3. Binding terms and conditions for a SEPA Direct Debit:
  - The payer’s/beneficiary’s account numbers must be in the IBAN format.
  - The payment currency is EUR.
  - Each SEPA Direct Debit payee must be given a SEPA Direct Debit payee identification code (CID).
  - A valid Mandate.

## Providing the SEPA Direct Debit Service at the bank

4. The Bank provides two SEPA payment schemes for the SEPA Direct Debit Service which debit and credit Client payment accounts: consumer SEPA Direct Debit (SDD CORE) and SEPA Direct Debit between business entities (SDD B2B) Clients cannot assert any legal claim to this service.
5. The Bank recommends that EUR accounts are used for this service. If the Client uses an account in another currency for SEPA Direct Debit the Bank will convert the amount based on the ČSOB exchange list valid at the time of the transaction. The Client takes into account all exchange differences that will be charged to the debit or credit of their account if the direct debit is refunded or recalled. The procedure for determining both the conversion and individual rate for calculating FX is specified in the current version of the appropriate Terms and Conditions for accounts and payments in the relevant provisions of the “Exchange Operations” section.
6. When establishing the SEPA Direct Debit Service, the Bank is entitled to ask for a Mandate to be submitted and the choice of a suitable payment scheme (SDD CORE or SDD B2B) to be considered).
7. The Bank is entitled to obtain all the information it considers necessary on both the payer and payee to decide whether or not to provide the SEPA Direct Debit Service to the Bank’s Client. If any

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deficiency is found when examining the information, it will be entitled not to provide the Client with the SEPA Direct Debit Service.

8. The Bank is entitled not to execute a SEPA Direct Debit that may be involved in legalising the proceeds from crime or financing terrorism, or if the payer/payee of the payment is suspected of being subject to international sanctions or is on a list of sanctioned entities.
9. The Bank is entitled to reject a payment transaction and return the amount of a SEPA direct debit payment transaction to the payer if the terms and conditions for these payment transactions are not met.

## **SEPA Direct Debit – payer (debtor) and payee (creditor)**

### **Client – payer**

The SEPA Direct Debit Service is provided (i.e. the payer's account is debited with the direct debit amount) according to a SEPA Direct Debit permit granted by the payer and payments are remitted in accordance with SEPA Direct Debit orders issued by the payee.

#### 10. SEPA Direct Debit permit:

The Bank will execute a SEPA Direct Debit on a payer's account (i.e. debiting the direct debit amount from the payer's account) only through a SEPA Direct Debit permit form authorised by the payer which can only be submitted at Financial Centres or through the Postal Savings Bank Electronic Banking services.

- The payer can authorise a SEPA Direct Debit permit either on paper or electronically by signing it according to their signature specimen, or another contractually agreed or Bank's specified method of authorisation.
  - A SEPA Direct Debit will be executed through the payer's account only if the payer authorises a particular SEPA Direct Debit permit, otherwise their account will be registered as an account that cannot be used for SEPA Direct Debit and the Bank will not execute the SEPA Direct Debit on the payer's account.
11. Mandatory data the Client must specify on the SEPA Direct Debit Authorization form:  
(The Client must specify on the form whether they want a SEPA Direct Debit permit to be established/changed/cancelled)
- The payer's account number in the IBAN format.
  - The payer's name (mandatory data only for the paper form; in ELB this data is automatically generated by the system based on the account number).
  - SEPA Direct Debit scheme: consumer direct debit (SDD CORE) or business direct debit (SDD B2B).
  - Type of direct debit (one-off or recurring).
  - Mandate reference. This data is mandatory for the B2B SDD scheme but not for SDD CORE.
  - Identification code of the payee who will be allowed to collect cashless funds from the payer's account (i.e. CID).
  - The payee's name.
  - Initial effective date (Valid from).
  - Signature on the "SEPA Direct Debit Permit" form. By signing the paper form, the payer confirms their consent to the current version of these Terms and Conditions and the fees for this service according to the Price List valid on the day the fee is posted. Electronically the payer confirms their consent by entering the appropriate authorisation items and clicks on the relevant field(s). If the payer does not click on this consent in ELB it (ELB) will not allow them to continue completing the form.

12. Non-mandatory data the Client may specify in the SEPA Direct Debit Permit form:
- Non-execution after the account holder's death.
  - Final effective date (Expiration date).
  - Maximum amount of single direct debit.
  - Daily, weekly, monthly for the period.
  - Maximum count of direct debits per period.
  - Maximum sum of amounts per period.
  - Other instructions.
13. The Client can submit an authorised SEPA Direct Debit Permit, a change to it or cancellation, to the Bank either on paper or electronically.
- A paper version must be submitted during Financial Centre opening hours no later than two working days before the effective date of the permit
  - Electronically, one calendar day before the effective date of the permit.
- All the data on a SEPA Direct Debit Permit form can be changed except for:
- The payer's account number in the IBAN format.
  - The payee's identification code CID.
  - The SEPA Direct Debit scheme.
14. The Bank will process a SEPA Direct Debit if there are enough funds in the payer's account. If the payer's account does not have sufficient funds in when a direct debit is processed, the Bank will not execute it. When posting a SEPA Direct Debit to the debit of the payer's account the Bank will adhere to:
- These Terms and Conditions.
  - The SEPA Direct Debit rules.
  - The particulars for SEPA Direct Debit processing specified by the payer on the SEPA Direct Debit Permit form.
15. The payer can submit an authorised request to refund a SEPA Direct Debit or submit a complaint about a payment on paper to the Bank only during Financial Centre opening hours.
- The deadlines for refunding a SEPA Direct Debit depend on the chosen payment scheme.
- The Bank will accept an authorised request to refund a SEPA Direct Debit or a complaint about a payment from the payer on paper during Financial Centre opening hours.
- Refunding a SEPA Direct Debit – the deadlines depend on the chosen payment scheme.
    - Consumer SEPA Direct Debit (SDD CORE): the payer is entitled to ask for it to be refunded without giving a reason up to 8 weeks after the direct debit amount is debited from their account. After this, a complaint can be filed up to 13 weeks after the direct debit is executed.
    - SEPA Direct Debit between business entities (SDD B2B): the payer is not entitled to have an authorised direct debit returned but may submit a complaint up to 13 months after execution of the payment.
- The claimant for both SDD CORE and SDD B2B will always be notified of the result of the complaint proceedings in writing.

### **Client – payee**

If the SEPA Direct Debit Service is activated the payee can send a SEPA Direct Debit Order through the Bank according to the parameters agreed with the payer in the Mandate.

16. The Bank will provide the payee with the SEPA Direct Debit Service after:
- A Contract for this service is signed between the Bank and the payee in which the terms and conditions for sending SEPA Direct Debit Orders are specified. By signing the Contract, the payee confirms their consent to the current version of these Terms and Conditions and the fees for the service according to the Price List applicable on the date the fee is posted.
17. The payee with whom the Bank has concluded the Contract must issue a SEPA Direct Debit Order according to the Contract and the Mandate concluded with the payer of a SEPA Direct Debit. SEPA Direct Debit is credited to the payee's account based on a SEPA Direct Debit Order if all the prerequisites for posting these payments are met.
18. When issuing a SEPA Direct Debit Order, the payee must fill in all the mandatory data that the Bank needs on a SEPA Direct Debit Order form or Standing SEPA Direct Debit Order form and follow the instructions on the form. Mandatory data on the SEPA Direct Debit Order/Standing SEPA Direct Debit Order:
- The client must specify whether an order should be established/changed/cancelled.
  - One-time or standing order.
  - SEPA Direct Debit scheme: consumer direct debit (SDD CORE) or business direct debit (SDD B2B).
  - Execution date of one-time order.
  - Direct debit amount.
  - Standing order valid from.
  - Frequency (mandatory for standing direct debit orders only).
  - Frequency date (mandatory for standing direct debit orders only).
  - The payee's IBAN.
  - CID – payee's identification code.
  - The payee's name.
  - Identification for the payee (E2E – end to end reference).
  - Mandate reference.
  - Signing date of the mandate.
  - IBAN – payer's account number.
  - The payer's name.
  - The purpose of the direct debit.
- Non-mandatory data on a SEPA Direct Debit Order/SEPA Standing Direct Debit Order form:
- Standing order expiration date (mandatory for standing direct debit orders only).
  - The final payee's name.
  - Identification of the final payee.
  - The payer's address.
  - The original payer's name.
  - The original payer's identification.
  - Other instructions.
19. The Bank is not responsible for rejecting or not settling a payment according to a SEPA Direct Debit Order if the payee gives insufficient or incorrect data on a SEPA Direct Debit Order.

20. The Bank is not responsible for rejecting or not settling funds according to a SEPA Direct Debit Order initiated by the payer or the payer's bank.
21. The payee must archive the Mandate and submit it at the Bank's request (e.g. when activating the SEPA Direct Debit Service or during a complaint procedure).
22. The deadlines and due date of a SEPA Direct Debit Order sent by the payee depend on the chosen payment scheme and the SEPA Direct Debit order.

If a payment order with no future due date is required, the following applies to the payment scheme:

- SDD CORE – paper payment order submitted at Financial Centre
    - A SEPA Direct Debit Order with the type/order “one-off” and “first” must be submitted by 02:00 p.m. on a business day during the Financial Centre's business hours no later than two business days before the due date of the SEPA Direct Debit.
    - A SEPA Direct Debit with the type/order “recurring” and “last” must be submitted by 02:00 p.m. on a business day during the Financial Centre's business hours no later than two business days before the due date of the SEPA Direct Debit.
  - SDD B2B – a paper payment order submitted at Financial Centre
    - A SEPA Direct Debit with the type/order “one-off” and “first” as well as “recurring and “final” must be submitted by 02:00 p.m. on a business day during the Financial Centre's business hours no later than two business days before the due date of the SEPA Direct Debit.
  - SDD CORE and SDD B2B – an order for SEPA Direct Debit filed electronically must be delivered on the work day by 5:00 pm two workdays before the SEPA Direct Debit due date.
23. The payee can submit authorised request to recall a sent SEPA Direct Debit Order or refund credited payments to the Bank only on paper during business hours at Financial Centre.
    - A recall request must be delivered to Financial Centre no later than two business days before the due date of the SEPA Direct Debit Order. ČSOB will make every reasonable effort to recall the sent order but it will not be responsible for the payer's bank recalling the order.
    - The payee must submit a request to return a SEPA Direct Debit amount credited to the payee's account based on a SEPA Direct Debit Order to the payer's account/payer's bank account (e.g. if the payer agrees with the payee on another method of payment for the amount) no later than four business days after the funds are credited to their account. The Bank will meet this request only if there are sufficient funds in the payee's account.
  24. At the request of the payer/payer's bank, the Bank is entitled to debit the payee's account with the amount credited through a SEPA Direct Debit according to the following deadlines:
    - SDD CORE up to 8 weeks after the date the direct debit is credited to the payee's account.
    - SDD B2B up to 3 days after the date the direct debit is credited to the payee's account.

If a complaint is made, (e.g. because of an unauthorised SEPA Direct Debit etc.) the deadline for debiting the original amount credited through a SEPA Direct Debit is extended to 13 months after the date the amount is credited.

The claimant is always notified of the result of the compliant procedure, both for SDD CORE and SDD B2B, in writing.

25. If the payer/payer's bank requests an amount credited to a payee's account through a SEPA Direct Debit to be returned within the deadlines, the Bank will be entitled to refund the direct debit to the payer's account and the amount, including fees for processing a SEPA Direct Debit, will be debited from the payee's account. If there are not enough funds to return the direct debit the Bank will return the funds to the payer and then settle an unauthorised debit (overdraft) on the payee's account. Consequently, the unauthorised debit (overdraft) on the account is charged a debit interest rate.

## Final Provisions

26. Information on the principles and terms used for a SEPA Direct Debit is available electronically on [www.postovnisporitelna.cz](http://www.postovnisporitelna.cz) (hereafter simply referred to as the "Website") - and in these Terms and Conditions in the 'Definitions, Terms, and Abbreviations for the SEPA Direct Debit' section.
27. The current version of these Terms and Conditions and the Price List are available at any of the Bank's branches and on the Website.
28. The Bank is entitled to make changes to the Terms and Conditions. In the case of a Client – natural person (consumer), ČSOB will inform about proposed changes to the Terms and Conditions at its Financial Centres and on the Website no later than 2 months before the changes come into effect. At the same time, it will also notify clients via account statements. In the case of Client – entrepreneur natural person or legal entity, the information about the proposed changes shall be posted by ČSOB on [www.postovnisporitelna.cz](http://www.postovnisporitelna.cz) at least one month prior to the proposed effective date. ČSOB shall inform the Client of this posting in a message sent to the Client's Internet Banking, account statement, in a letter, by e-mail or in a data message. If the Client does not refuse the proposed changes they are considered to have been accepted. If the Client refuses the proposed changes before the date when the changes come into effect, they are entitled to terminate the agreement/contract with immediate effect. This also applies to any proposed changes to the Postal Savings Bank Price List.
29. These Terms and Conditions will become effective on 1.11.2019.

**Československá obchodní banka, a. s.**

## **Definitions, Terms and Abbreviations for SEPA Direct Debit:**

### **Authorisation of contracts / documents / forms means:**

Signing in accordance with the specimen signature, or another contractually agreed or by ČSOB specified method of authorisation.

### **Two types of SEPA Direct Debit (payment schemes):**

- **SDD CORE (Business to Customer)**

Consumer direct debit (revocable) in EUR for consumer and business entities

Guarantees the payer the return of an authorised direct debit payment at their request without giving a reason for 8 weeks after a direct debit payment is debited from their account.

Risk to the payee: up to 8 weeks after the due date the payer can submit a claim for a payment settled through a SEPA Direct Debit without giving a reason.

- **SDD B2B (Business to Business)**

Business direct debit (irrevocable) in EUR exclusively for business entities.

The payer is not entitled to a refund of an authorised direct debit payment – (they cannot ask for a refund of an executed direct debit).

The payer must provide consent to their bank for the debit (the bank will not execute a direct debit without the prior consent of the payer).

### **UMR (i.e. Unique Mandate Reference)**

An unambiguous reference – Mandate no.

### **Mandate to a SEPA Direct Debit**

A written contract concluded between the payee and the payer to enable them (the latter) to collect funds from the payer's account. Each Mandate contains a unique reference stipulated by the payee of the direct debit, a so-called UMR (Unique Mandate Reference). It is used to uniquely identify the direct debit relationship. The payee must file the Mandate. The Mandate automatically expires 36 months after the last SEPA Direct Debit Order is sent irrespective of whether it has been processed or not. (The Bank may ask for the agreed Mandate to be submitted, e.g. when activating the SDD service or during a complaint procedure).

### **CID (Creditor Identifier) – the payee's identification code**

Each payee wanting to send a SEPA Direct Debit Order must have an assigned identification code that uniquely identifies them. In the Czech Republic identification codes for SEPA Direct Debit are allocated by the Czech National Bank to the bank submitting a request for a client. However, the payees of a SEPA Direct Debit may use an identification code assigned in another country.

### **Debtor – Payer – passive side of a direct debit**

Payment is sent (remitted) from their account according to a received SEPA Direct Debit Order.

### **Creditor – Payee – active side of a direct debit**

Payment is credited to their account according to a sent SEPA Direct Debit Order.

### **Notification in advance**

The payee must inform the payer of the amount and due date of a direct debit at least 14 days in advance. The manner in which the payee conveys this information to the payer is not explicitly stated (it can be in, e.g. an invoice). The payee meeting this obligation must take into account, for example, if the payer claims that their account has been debited with a direct debit payment. (The payee is then obliged to show that they have fulfilled this obligation).

### **R – messages**

Specific types of messages through which the payer/payer's bank or the payee/payee's bank can recall a SEPA Direct Debit.