



## Frequently Asked Questions - Direct debits

### Single Euro Payments Area (SEPA)

1. Are direct debits processed across Europe under the same requirements?
2. What is the Single Euro Payments Area (SEPA)?
3. Is there more than one direct debit scheme within SEPA?
4. To participate in direct debit schemes, are microenterprises treated as individuals/consumers? Does this mean that they can only participate in the SEPA CORE direct debit scheme (and not the SEPA B2B)?
5. Can enterprises oblige their trade partners to participate in the SEPA B2B direct debit scheme?
6. In the SEPA B2B direct debit scheme, must the debtor's payment service provider check all collection data before debiting the debtor's account?
7. Does the SEPA scheme also apply to payments in currencies other than the euro?
8. Which communication model should be used to interact with the payment service provider to process payment batches? Can the PS2 file format still be used?
9. Must all collection files state the date on which the direct debit mandate was signed/given?
10. Does the SEPA scheme establish a per payment transaction limit?
11. Is there a technical manual laying out rules governing communication between payment service users and providers, in compliance with the ISO 20022 XML standard?
12. Is there a direct debit mandate template exclusive to SEPA? Which fields must be filled in?
13. Are direct debit mandates given by debtors before migration to SEPA still valid?
14. Does the same price list apply to direct debits across Europe?

### Use

1. Can payers be obliged by a payee to make payments by direct debit?
2. How can I start making payments by direct debit?
3. Are direct debit mandates valid if made by electronic means?
4. What is the direct debit mandate reference number?
5. Must the creditor fill in the direct debit mandate reference number at the time of the debtor's signing?
6. What is the creditor identifier?
7. Must a Portuguese creditor have a Portuguese creditor identifier? Who is responsible for issuing the creditor identifier?
8. What does IBAN mean?
9. When debtors change the IBAN of the debit account, may creditors accept a document signed by debtors requesting that the debit account be changed, or must they request that debtors fill in a new direct debit mandate?
10. When creditors change their data (e.g. name or identifier), must debtors sign a new direct debit mandate?
11. Do direct debit mandates have an expiry date after the first collection has been processed?
12. May I set limits to direct debits and direct debit mandates?
13. Can debtors (consumers) manage their direct debit mandates at an ATM or via home banking?
14. If debtors process their direct debits through a foreign payment service provider, will they still have access to services available through the Multibanco network?
15. If creditors decide to process direct debits through a foreign payment service provider that does not participate in the Portuguese system, may customers continue to use the services available through the Multibanco network?
16. Must creditors notify debtors of the date and amount of a direct debit?
17. If, upon receiving the creditor's pre-notification, debtors realise that the amount to be charged is incorrect, may they cancel the debit?
18. I have become aware of a debit which was incorrectly executed. What can I do?
19. How can I cancel a direct debit mandate?
20. What is the difference between cancelling and suspending a direct debit mandate?
21. Under which conditions can I request a refund for an executed direct debit?

### Single Euro Payments Area (SEPA)

## **1. Are direct debits processed across Europe under the same requirements?**

Yes. In countries across the Single Euro Payments Area (SEPA) (i.e. EU Member States, Andorra, Iceland, Liechtenstein, Monaco, Norway, San Marino, Switzerland, United Kingdom and Vatican), payment service users may make and receive direct debits in euro via a single payment account, subject to the same rules and rights as in Portugal. This means that the execution of a direct debit between accounts domiciled in Portugal is similar to that of a direct debit between, for instance, an account in Portugal and an account domiciled in France (namely as regards execution times, value dates, costs, fees and information needed to initiate direct debits). Technical and business requirements for direct debits in euro are laid down in Regulation (EU) No 260/2012 of the European Parliament and of the Council of 14 March 2012 [amended by Regulation (EU) No 248/2014 of the European Parliament and of the Council of 26 February 2014]. Currently, only technical and business standards of SEPA credit transfer and SEPA direct debit schemes established by the European Payments Council in its Rulebooks and implementation guidelines meet the conditions specified in the Regulation. These schemes are based on the ISO 20022 XML standard and aim for the fully automated processing of payments between the payer's payment service provider and the payee's payment service provider (end-to-end straight-through processing).

## **2. What is the Single Euro Payments Area (SEPA)?**

The Single Euro Payments Area (SEPA) comprises the EU Member States and Andorra, Iceland, Liechtenstein, Monaco, Norway, San Marino, Switzerland, United Kingdom and Vatican. Within SEPA, households, enterprises and general government bodies can make cashless payments using a single payment account domiciled in any SEPA country and a single set of payment instruments (credit transfers, direct debits and payment cards). Since the introduction of euro banknotes and coins on 1 January 2002, euro area citizens are able to pay in cash (banknotes and coins) using a single currency in any euro area country, as easily as they did in their own country using their national currency. The establishment of SEPA strengthened monetary integration and helped overcome technical, legal and market barriers to payments in euro that persisted after the introduction of the single currency.

## **3. Is there more than one direct debit scheme within SEPA?**

Yes. The SEPA Business-to-Business (B2B) direct debit scheme is intended to process payments/collections between businesses. The SEPA CORE direct debit scheme is intended to collect funds from debtors that may be consumers or businesses. One of the differences between the SEPA CORE and the SEPA B2B direct debit schemes is that, in the latter, debtors do not have the right to have the amount reimbursed for authorised debits already withdrawn from their accounts.

## **4. To participate in direct debit schemes, are microenterprises treated as individuals/consumers? Does this mean that they can only participate in the SEPA CORE direct debit scheme (and not the SEPA B2B)?**

Although microenterprises are treated as individuals/consumers, they may agree with their payment service provider that there is no right to a refund in case of authorised debit transactions, thus allowing them to access the SEPA B2B direct debit scheme.

## **5. Can enterprises oblige their trade partners to participate in the SEPA B2B direct debit scheme?**

No. Similarly to the SEPA CORE direct debit scheme, the SEPA B2B direct debit scheme is not mandatory and, therefore, none of these schemes can be imposed by creditors on debtor entities. As such, free and informed consent must be established between debtors and creditors to adopt one of the aforementioned schemes for their collection/payment transactions.

## **6. In the SEPA B2B direct debit scheme, must the debtor's payment service provider check all collection data before debiting the debtor's account?**

Yes. Given that in the SEPA B2B direct debit scheme debtors do not have the right to be reimbursed for authorised transactions and, as a rule, the amounts collected are high, the debtor's payment service provider, prior to debiting the debtor's account, must: check the information related to the B2B direct debit mandate received in the collection by assessing its compliance with previous verification instructions from the debtor or by confirming it with the debtor; check collection data against stored B2B direct debit mandate data, and the related verification instructions received from the debtor (e.g. maximum amount set by the debtor), where applicable; oblige debtors to inform them of any amendment or cancellation of the B2B direct debit mandate.

## **7. Does the SEPA scheme also apply to payments in currencies other than the euro?**

No. The technical requirements established in Regulation (EU) No 260/2012 of the European Parliament and of the Council of 14 March 2012 apply only to transactions in euro.

## **8. Which communication model should be used to interact with the payment service provider to process payment batches? Can the PS2 file format still be used?**

Enterprises (except for microenterprises) and general government bodies must use the ISO 20022 XML format whenever they transmit payment batches to their payment service providers. However, payment service providers and software companies may provide services to their customers that convert PS2 (or similar) files to the ISO 20022 XML format in line with SEPA requirements. The potential use of conversion services will only be allowed if the following conditions are met: conversion services must be operationally independent from the payment service offered by the payment service provider; conversion services must be carried out

before the point in time of acceptance by the payment service provider of a payment order;the file converted to the ISO 20022 XML format should be provided to the enterprise before the payment service is initiated;conversion services must be priced separately.

### **9. Must all collection files state the date on which the direct debit mandate was signed/given?**

Yes. Pursuant to the technical requirements established in Regulation (EU) No 260/2012 of the European Parliament and of the Council of 14 March 2012 all files reporting collections must state the date when the direct debt mandate was signed/given.

### **10. Does the SEPA scheme establish a per payment transaction limit?**

SEPA transactions cannot exceed EUR 999,999,999.99.

### **11. Is there a technical manual laying out rules governing communication between payment service users and providers, in compliance with the ISO 20022 XML standard?**

Yes. Payment service providers must implement a customer-to-bank (C2B) channel compatible with SEPA standards, offering their customers a file layout compatible with standard ISO 20022 XML messages.Against this background, to simplify links between customers and payment service providers, the Portuguese banking community has developed a harmonised communication format applicable to SEPA credit transfers and SEPA direct debits.On the Banco de Portugal's website there is a customer to bank communication manual (C2B – Customer to Bank Services), recommended in order to maximise one of the advantages offered by SEPA: the use of a harmonised communication format, facilitating execution of payment transactions via several payment service providers and even the replacement of a support payment service provider.

### **12. Is there a direct debit mandate template exclusive to SEPA? Which fields must be filled in?**

On its website, the Banco de Portugal provides direct debit mandate models in full compliance with all mandatory requirements established in Regulation (EU) No 260/2012 of the European Parliament and of the Council of 14 March 2012, which best safeguard both parties in the contract (creditor and debtor).However, creditors may adapt this model, by changing, for instance, its layout, adding a logo or fields. Creditors may also include the direct debit mandate in the contract signed with debtors, as a properly identified annex, or even supply it to debtors on its own. Regardless of its format, the debit direct mandate must contain, at least, the following items:debtor name;debtor International Bank Account Number (IBAN);unique mandate identification;creditor name;creditor address;creditor identifier;transaction type: recurrent or one-off;date of signing of the mandate;debtor signature.Direct debit mandate models:SEPA CORE direct debit mandate;SEPA Business-to-Business direct debit mandate.

### **13. Are direct debit mandates given by debtors before migration to SEPA still valid?**

Yes. Migration to SEPA did not affect the validity of direct debit mandates previously given to creditors. These act as debtors' consent for the execution of direct debits in SEPA format.Valid direct debit mandates given prior to 1 February 2014 remain valid after that date.However, creditors may find it beneficial to have debtors sign new direct debit mandates as recommended for SEPA operations.Direct debit mandates established by debtors under the former national direct debit system at ATMs of the Multibanco network also remain valid.Therefore, if creditors are requested to provide evidence that a direct debit mandate was established by debtors at an ATM prior to the entry into force of Regulation (EU) No 260/2012 of the European Parliament and of the Council of 14 March 2012, they should request the electronic dematerialisation procedure registration/logical registration from SIBS Forward Payment Solutions.Direct debit mandates established by debtors with their payment service providers must be stored by the latter and provided upon request. Therefore, if requested, the debtors' payment service providers must provide a physical copy of the mandate or the electronic procedure registration of its dematerialisation.

### **14. Does the same price list apply to direct debits across Europe?**

Rules on charges for consumers on cross-border payments within the EU are laid down in Regulation (EC) No 924/2009 of the European Parliament and of the Council of 16 September 2009 on cross-border payments in euro and in currencies that comply with the Regulation (i.e. Swedish kronor and Romanian lei), in the following countries:the EU Member States: Belgium, Germany, Greece, Spain, France, Ireland, Italy, Luxembourg, the Netherlands, Austria, Portugal, Finland, Slovenia, Cyprus, Malta, Slovakia, Estonia, Czech Republic, Denmark, Latvia, Lithuania, Hungary, Poland, Sweden, Bulgaria, Romania and Croatia;Iceland, Norway and Liechtenstein (countries that form the European Economic Area, together with the countries listed in the previous subparagraph). This Regulation establishes that the charges levied by a payment service provider for cross-border direct debits in euro must be the same as the charges levied by that payment service provider for corresponding national direct debits of the same value and in the national currency of the Member State in which the payment service provider is located. Consequently, in Portugal, the charges levied for cross-border direct debits in euro must be the same as the charges levied for corresponding national direct debits of the same value and in the national currency (the euro).Likewise, for cross-border direct debits in Romanian lei or Swedish kronor, a payment service provider must levy the same charges as those it would charge for a corresponding national direct debit of the same value and in the same currency (Romanian lei or Swedish kronor respectively).

## **Use**

## 1. Can payers be obliged by a payee to make payments by direct debit?

No. A payee cannot oblige a payer to make payments by direct debit and vice versa. Both parties must agree to use this type of payment/collection.

## 2. How can I start making payments by direct debit?

In order to make payments through the direct debit system, a payee must agree to use this collection system and sign a contract with the payer establishing the terms and conditions for direct debit collection. The debtor must give the creditor a direct debit mandate in order for the latter to execute direct debits from the payer's designated account through its payment service provider. The payer's payment service provider must also agree to perform direct debits, by entering with the payer into a payment services contract that includes direct debits. The contract establishes the rights and obligations of both parties regarding the payment of direct debits.

## 3. Are direct debit mandates valid if made by electronic means?

Are direct debit mandates valid if made by electronic means? Yes, provided they are duly signed by the debtor. Direct debit mandates granted by debtors to creditors may be in physical format (paper) or electronic format and must always be signed by the debtor and stored by the creditor. Electronic direct debit mandates must bear the debtor's electronic signature, given that a handwritten signature is not possible in a purely electronic form. Under the applicable legislation, in order for an electronic signature to be equivalent to the handwritten signature contained in the documents, and consequently considered valid for a direct debit mandate, it must be: (a) in the form of a qualified electronic signature (e.g. using a 'Chave Móvel Digital', which allows its users to attach a qualified electronic signature to electronic documents free of charge); or (b) in another form of electronic signature, provided this was previously agreed between the creditor and the debtor. A direct debit mandate may be granted electronically through channels directly provided by the creditor or via a PSP (e.g. home banking, point-of-sale terminal or ATM), provided one of the two prerequisites mentioned above is met. If the direct debit mandate is granted through PSP channels, strong customer authentication must be applied.

## 4. What is the direct debit mandate reference number?

The direct debit mandate reference number is a code given by creditors to a specific direct debit mandate. The reference must be unique, to unambiguously identify, when combined with the creditor identifier, the direct debit mandate within the direct debit system.

## 5. Must the creditor fill in the direct debit mandate reference number at the time of the debtor's signing?

The direct debit mandate reference number must be unique, and must be filled in by the creditor when the mandate is signed by the debtor. However, if at that time it is not possible to provide that reference number, the creditor may provide it to the debtor subsequently, but always prior to the first payment collection.

## 6. What is the creditor identifier?

The creditor identifier is a reference number that identifies the creditor within the direct debit system at European level. It comprises a creditor number followed by the ISO country code, two control digits and a business code. The country code is not directly related to any location feature or creditor identity, and only specifies the country that issued the code. To make collections in any SEPA country, creditors need at least one identifier. General structure of a SEPA creditor identifier: Positions 1-2: the ISO country code; Positions 3-4: the check digits according to ISO 7064 Module 97-10; Positions 5-7: the creditor business code established by the creditor. If not used, then filled with 'ZZZ'; Positions 8-13: the creditor number. Creditor identifiers issued in Portugal have the following format: PTAABBB123456 Country: PT; Control digits: AA (control digits according to ISO 7064 Module 97-10); Creditor business code: BBB (ZZZ or a creditor business code established by the creditor); Creditor identifier (PT): 123456.

## 7. Must a Portuguese creditor have a Portuguese creditor identifier? Who is responsible for issuing the creditor identifier?

No. Creditors can use a single identifier across the SEPA area. Creditors may request an identifier directly from the entity in charge of managing these identifiers on behalf of the banking community or delegate this task to the payment service provider offering the SEPA direct debt service. In Portugal, national creditor identifiers may be allocated to entities operating in Portugal (i.e. with a Portuguese Business Identifier Code) and must be requested by support payment service providers (provided that they operate in Portugal) from the entity in charge of managing creditor identifiers domestically on behalf of the banking community: SIBS Forward Payment Solutions. For more information on the allocation of creditor identifiers across SEPA countries, see Creditor Identifier Overview, published by the European Payments Council (EPC).

## 8. What does IBAN mean?

IBAN means "International Bank Account Number" and is a standardised structure for payment account identifiers. The IBAN makes it possible to identify and validate a payment account within SEPA and may contain up to 34 characters. In Portugal, the IBAN consists of 25 alphanumeric characters and starts with 'PT50', followed by 21 digits, which correspond to the Bank Identification Number.

## 9. When debtors change the IBAN of the debit account, may creditors accept a document signed by debtors requesting that the debit account be changed, or must they request that debtors fill in a new direct debit mandate?

The creditor may accept a document signed by the debtor requesting that change. However, to better safeguard the creditor (in case of a request for reimbursement, for instance), we recommend that a new direct debit mandate be signed whenever one of the mandatory fields is modified (e.g. the IBAN).

### **10. When creditors change their data (e.g. name or identifier), must debtors sign a new direct debit mandate?**

No. According to the rules established in the SEPA Direct Debit Scheme of the European Payments Council (EPC), when the creditor's identity is changed due to a merger or creation of a new corporate entity (by the creditor), to which collections are transferred, debtors are not required to sign new mandates. Nevertheless, following changes to the creditor's identity, prior to initiating collections, the 'new' creditor must fully and in good time inform debtors of any changes to the mandates, more specifically identity changes (i.e. name, address, creditor identifier) and, where applicable, the allocation of a new direct debit mandate reference number.

### **11. Do direct debit mandates have an expiry date after the first collection has been processed?**

There is no pre-established expiry date for direct debit mandates. However, debtors may set a time limit for a given direct debit mandate at an ATM of the Multibanco network, via home banking or at the branches of their payment service provider.

### **12. May I set limits to direct debits and direct debit mandates?**

Debtors may, at any time, instruct their payment service provider to limit direct debits on their accounts: Time limits: debtors may notify their payment service provider of a time limit after which not to accept a given direct debit collection. This limit may be particularly useful for example in the case of instalments, where debtors know beforehand the year and month of the last instalment; Periodicity: debtors may notify their payment service provider that a given direct debit collection may only be debited from their account, for instance, once a day/week/month/quarter/half-year/year; Maximum amount: debtors may set up a cap for a given direct debit, either because they know exactly how much will be debited (e.g. rents, instalments and subscriptions), or because, given that they know their usual expenses with utilities (e.g. water, telephone and electricity), they do not want unreasonable amounts to be debited; Positive and negative list of creditors: debtors may restrict direct debit collections to a limited group of creditors (by creating "positive lists of creditors") and may block any direct debits coming from specific creditors (by creating "negative lists of creditors"); Full blocking: debtors may request their payment service provider to block all direct debits on their payment account. Debtors may instruct their payment service provider to put in place all of these limits. In some cases, it is also possible to set up time limits and maximum amounts per collection at an ATM of the Multibanco network.

### **13. Can debtors (consumers) manage their direct debit mandates at an ATM or via home banking?**

Yes, debtors may manage their direct debit mandates at ATMs and via home banking (depending on the services offered by their payment service provider), more specifically, consult, change parameters of (maximum amount per collection and time limit for direct debit mandates) and suspend their direct debit mandates. Furthermore, some creditors may give their customers the option to activate a new direct debit mandate via ATM or home banking on their payment service provider's website, using the reference number provided by the creditors themselves.

### **14. If debtors process their direct debits through a foreign payment service provider, will they still have access to services available through the Multibanco network?**

No. Services related to the management of direct debit mandates (e.g. consulting, changing parameters of and cancelling direct debit mandates) available through the Multibanco network are accessible only to consumers with a bankcard operating a bank account opened with a payment service provider participating in both SEPA direct debits through Portugal and the Multibanco network. These services are offered by payment service providers to customers irrespective of the origin of collections (i.e. collections may be sent through a payment service provider from another SEPA country).

### **15. If creditors decide to process direct debits through a foreign payment service provider that does not participate in the Portuguese system, may customers continue to use the services available through the Multibanco network?**

Yes. Multibanco services that make it possible to consult, change parameters of (expiration date of the mandate and maximum amount per collection) and suspend direct debit mandates will still be available for debtors that have opened a payment account with a payment service provider participating in both SEPA direct debits in Portugal and the Multibanco network. These services are accessible to debtors regardless of the nationality of the creditor's payment service provider.

### **16. Must creditors notify debtors of the date and amount of a direct debit?**

Yes. Creditors must pre-notify debtors of the debit transaction, pursuant to the terms of the contract, particularly as regards the period of prior notice. Furthermore, creditors may at that time also inform debtors of the creditor and direct debit mandate reference numbers, given that it is incumbent on them to provide debtors with the necessary information for the smooth functioning of the system.

### **17. If, upon receiving the creditor's pre-notification, debtors realise that the amount to be charged is incorrect, may they cancel the debit?**

Yes. Debtors may instruct their payment service provider to block this specific collection prior to the date established for debit. The direct debit mandate will remain valid in future collections.

### **18. I have become aware of a debit which was incorrectly executed. What can I do?**

If the direct debit was executed less than eight weeks ago, you can request a refund to that amount from your payment service provider. In any case, you have 13 months after the debit date to request rectification of any unauthorised debit (absence of direct debit mandate) or incorrectly executed debit. After this period, you can only obtain compensation from your creditor or by initiating appropriate court and/or out-of-court procedures.

### **19. How can I cancel a direct debit mandate?**

You must request that the respective creditors cancel the direct debit mandate. This cancellation is irreversible.

### **20. What is the difference between cancelling and suspending a direct debit mandate?**

When a debtor suspends a direct debit mandate, the debtor's payment service provider will reject future collections submitted by the creditor (according to the debtor's instructions). Debtors may instruct their payment service provider to suspend a direct debit mandate via ATM or home banking, or at a branch. Suspension of a mandate is reversible. Therefore, at any time, debtors may reactivate that mandate via the aforementioned channels. This service is available only in Portugal. However, the suspension of the direct debit mandate does not affect the contractual relationship between the debtor and the creditor. As such, debtors must always address with creditors the termination of their contractual relationship. To cancel a direct debit mandate, debtors must expressly instruct creditors in that respect. The cancellation of a direct debit mandate is irreversible.

### **21. Under which conditions can I request a refund for an executed direct debit?**

In the case of a SEPA direct debit (i.e. a direct debit covered by Article 1 of Regulation (EU) No 260/2012 of the European Parliament and of the Council of 14 March 2012), debtors have an unconditional right to a refund of executed direct debits, up to eight weeks from the debit date. Upon receiving the request for a refund, the payment service provider has ten working days to restore the debited account.