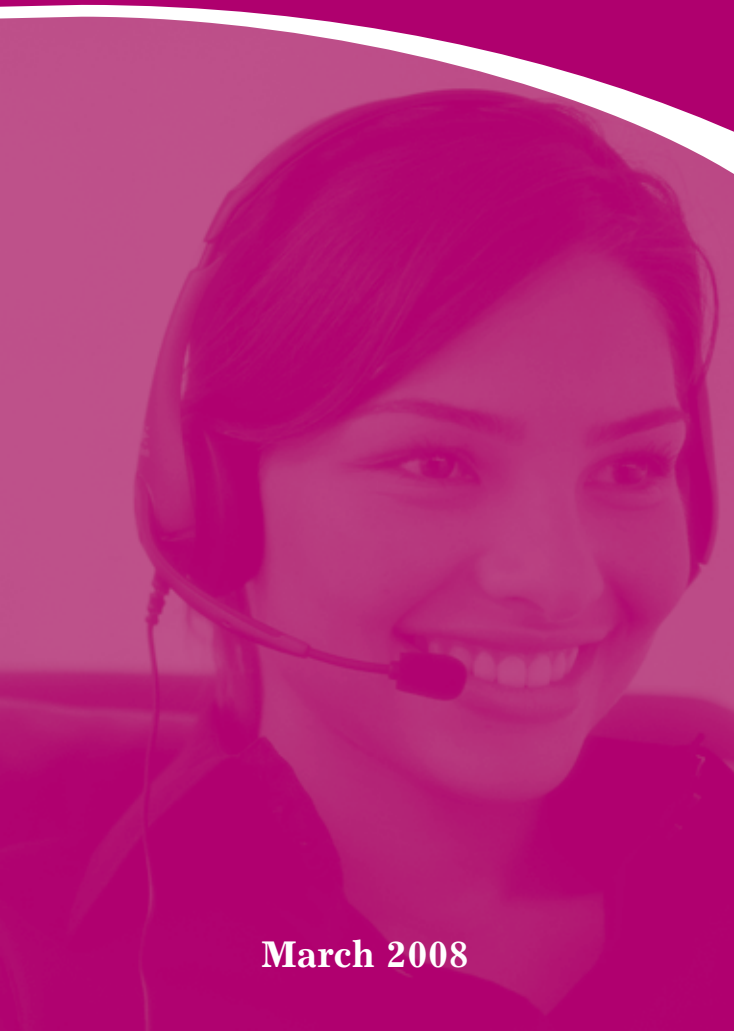


# The **Business Banking Code**

Setting the standards of banking practice



**March 2008**

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# The Business Banking Code

Setting the standards of banking practice

March 2008



**bba**

The voice of banking  
& financial services



**APACS**

the UK payments association

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Throughout this Code, words in the text which are shown in **bold** print are defined in the glossary at the end of the Code.

# 1 Introduction

## What the Code covers

**1.1** This is a voluntary code which sets standards of good banking practice for banks to follow when they are dealing with **business customers** in the United Kingdom. Other institutions, such as building societies, may also choose to follow the Code. It provides valuable protection for you and explains how banks are expected to deal with you day-to-day and whenever you have financial difficulties. The Code applies to:

- current accounts (section 3);
- deposit accounts (sections 3 and 4);
- **merchant services** (section 9, unless otherwise shown – see section 1.6);
- payment systems, including services and international payments (section 9);
- **cards** and **PINs** (section 10); and
- business loans and **overdrafts** (section 13).

'**Business customers**' includes sole traders, partnerships, limited liability partnerships, and limited companies with an annual turnover of under £1 million, as well as associations, charities and clubs with an annual income of under £1 million.

This Code does not apply to currency accounts, factoring (invoice services), leasing, asset finance, hire purchase, investments or insurance. It does not apply to **personal customers**. The Banking Code sets out standards of good banking practice for **personal customers**.

## About this Code

**1.2** As a voluntary code, it allows competition and market forces to work to encourage higher standards for the benefit of customers. Within the Code, 'you' means the customer and 'we', 'us' or 'our' means the bank the customer deals with.

**1.3** In this Code, 'customer' includes people dealing with us on behalf of a business, with the authority of the business's owners. For example, this may include office staff who talk to us about payments into and out of the account, processing bank statements and so on. It does not include people who talk to us about their own personal finances.

- 1.4 You can check which banks follow the Code by contacting the Banking Code Standards Board, the independent organisation which monitors how well banks are meeting the Code. (You can find their contact details in section 16.2 of the Code.)
- 1.5 The standards of the Code are covered by the eight key commitments found in section 2.
- 1.6 The shaded sections in this Code do not apply to **merchant services**. We make it clear elsewhere in the Code if different standards apply to **merchant services**.
- 1.7 Not all banks offer all the products and services listed in section 1.1.
- 1.8 Unless it says otherwise, all parts of this Code apply to all the products and services listed above, whether they are provided by branches, over the phone, through interactive TV, on the internet, by post or by any other method.
- 1.9 This revised edition applies from 31st March 2008, unless otherwise shown.

## 2 Fairness commitment

We promise we will treat you fairly and reasonably when providing you with products and services covered in this Code. We will keep this promise by meeting all of the key commitments shown below.

- We will make sure that our advertising and promotional literature is clear and not misleading and that you are given clear information about our products and services.
- We will give you clear information about accounts and services, how they work, their terms and conditions and the interest rates which may apply.
- We will help you use your account or service by sending you regular statements (where appropriate) and we will keep you informed about changes to the interest rates, charges or terms and conditions.
- We will help you to switch your current account between financial institutions that subscribe to this Code.
- We will lend responsibly.
- We will deal quickly and sympathetically with things

that go wrong and consider all cases of financial difficulty sympathetically and positively.

- We will treat all your personal information as private and confidential, and provide secure and reliable banking and payment systems.
- We will publicise this Code, have copies available and make sure that our staff are trained to put it into practice.

To meet these promises, we will, as a minimum, take the steps and meet the standards set out in the rest of this Code.

## 3 Helping you to choose products and services that meet your needs

3.1 Before you become a customer, we will:

- give you clear information explaining the main features of the services and products you tell us you are interested in;
- give you information on a single product or service, if you have already made up your mind;
- tell you what options are available to help you run your account as efficiently as possible;
- tell you what information we need from you to prove your identity (by law, we have to check your identity); and
- tell you under what circumstances we will need you to hold a current account to be able to get a deposit or loan account.

3.2 You can find information about business accounts on the British Bankers' Association's website [www.bba.org.uk](http://www.bba.org.uk). This service is called the business account finder.

3.3 We will tell you if we offer products and services in more than one way (for example, on the internet, over the phone, in branches and so on) and tell you how to find out more about them.

3.4 Once you have chosen an account or service, we will tell you how it works.

3.5 If we provide you with **merchant services** facilities,

we will tell you how to run your account if your **card**-processing equipment does not work.

- 3.6 When you open a business account, we will ask you to tell us who can sign on your account and who you have given us permission to deal with. We will explain your rights and responsibilities including, if it applies to you, **joint and several liability** when you open an account with others.
- 3.7 If we are a member of the Small Firms Loan Guarantee Scheme and if we consider it is appropriate to your borrowing needs, we will give you details of the scheme.

## 4 Interest rates

4.1 You can find out about our interest rates by:

- phoning our helpline;
- looking on our website;
- looking at the notices in our branches; or
- asking our staff.

4.2 When you become a customer, we will give you information on the interest rates which apply to your accounts, and when we will take interest or pay it to you. We will also tell you our website address, our helpline numbers and the other ways you can find out about changes to the interest rates on your accounts.

4.3 If you ask us, we will also give you a full explanation of how we work out interest.

### Changes in interest rates

4.4 We will keep you informed about changes to the interest rates on your accounts and we will tell you about the ways we will do this.

4.5 When we change the interest rates on your accounts, we will update the information on our phone helpline and our website within three **working days**. To help you compare rates, the old rate will also be available on our website and our helpline.

### Interest on deposit accounts

4.6 To help you compare interest rates on all our deposit accounts more easily, we will send you a summary of

these products and their current interest rates at least once a year, unless your account has less than £500 in it. This summary will also include:

- accounts that are no longer available; and
- details of how you can find out about the current interest rates that apply to your accounts.

**4.7** We will also tell you the different interest rates which have applied to your account during the year and any changes in the **Bank of England base rate** (unless we have already told you personally about these or if your account has less than £500 in it).

**4.8** If you have a variable-rate deposit account with more than £250 in it and the interest rate has fallen significantly compared with the **Bank of England base rate** over the previous 12 months, we will contact you within a reasonable period of time to:

- tell you that this has happened;
- tell you about our other deposit accounts and offer to help you switch to one of these accounts if you want to;
- tell you that you can withdraw all the money in your account; and
- give you a reasonable period of time to switch to another account or withdraw the money without any notice period or any charges.

## 5 Charges

**5.1** When you become a customer, we will give you details of any charges for the day-to-day running of the account you have chosen and explain the terms that we use to describe our services.

**5.2** You can also find out about charges on your account by:

- phoning our helpline;
- looking on our website; or
- asking our staff.

**5.3** If you ask us to provide **merchant services**, we will give you details of the **merchant service** charge when you become a customer, and explain the terms we use to describe our services. You can also find out about your charges by contacting our **merchant services** centre.

**5.4** If we increase any of the charges referred to in sections

5.1 to 5.3 above, or introduce a new charge, we will contact you direct at least 30 days before the change comes into force.

- 5.5** We will tell you the charge for any **other service** or product before we provide that service or product, and whenever you ask. See also section 9.14.
- 5.6** Before we take interest or charges for **standard account services** from your current or deposit account which have built up over a **charging period**, we will give you at least 14 days' notice of how much we will take. We will tell you what your **charging period** is.
- 5.7** When we tell you how much we will take, we will tell you the amount of interest and charges you must pay, and how much you will have to pay for the services you have used. We will tell you the rates of debit interest that apply to your account whenever you ask us to and either:
- on the pre-notification notice; or
  - on your statement.

### Checking your charges and interest

- 5.8** If you believe that we have charged you incorrectly, it will help if you can show why you think this.
- We will acknowledge your enquiry within five **working days** and deal with all cases as quickly as possible.
  - We will explain how we will handle your enquiry and, if appropriate, explain our complaints procedure. We will consider each case separately.
  - We will explain how we worked out your charges. We will share our calculations with you and, if you ask us to, your advisers.
  - If you ask us to, we will provide details of charges, interest or cleared balances to help you check your charges. We will tell you if there is a charge for this service.
  - We will try to sort out your enquiry.
  - If we agree that you are entitled to a refund, we will pay this straight into your account, but will consider any request by you to pay it in another way.
  - If you use an agency to help you to work out your charges, we may not pay that agency's fees.

## Cash machine charges

- 5.9 We will give you details of any charges we make for using **cash machines** when we issue the **card**.
- 5.10 We will not charge you more than once for using one of our **cash machines**, although we may agree a separate **cash-handling fee** with you for all cash transactions as part of your **standard account services**.
- 5.11 When you use a **cash card** at one of our **cash machines**, a message on the screen will tell you, before you commit to making a withdrawal, the amount (if any) you will be charged for the transaction and who is making the charge. This message will not include the separate **cash-handling fee**.
- 5.12 When you use a **card** other than a **cash card** at one of our **cash machines**, a message on the screen will tell you, before you commit to making a withdrawal, the amount (if any) we will charge you for the transaction. The message will also tell you that your **card** issuer may charge you for the transaction.
- 5.13 We will show **cash machine** charges on your account statement.
- 5.14 If we have agreed a separate **cash-handling fee** as part of your **standard account services**, this will not be displayed on screen, but we will give you details whenever you ask us and either:
- on the pre-notification notice; or
  - on your statement.

## 6 Terms and conditions

- 6.1 When you apply to become a customer or accept a product for the first time, we will give you any relevant terms and conditions for the product you have asked us to provide.
- 6.2 All written terms and conditions will be fair and will set out your rights and responsibilities clearly and in plain language. We will only use legal or technical language if necessary.

### Changes to terms and conditions

- 6.3 When you become a customer, we will tell you how we will let you know about changes to terms and conditions.

- 6.4 If the change is to your disadvantage, we will contact you direct at least 30 days before we make the change. At any time up to 60 days from the date of the notice you may, without notice, switch your account or close it without having to pay any extra charges or lose any interest for doing this.
- 6.5 We may make any other change immediately and tell you about it within 30 days.
- 6.6 If we have made a major change or a lot of minor changes in any one year, we will give you a copy of the new terms and conditions or a summary of the changes.
- 6.7 If we provide you with **merchant services**, we may change the limits or end our facilities without letting you know beforehand. We will only do this in exceptional circumstances, for example, if we suspect fraud.

## 7 Changing your account

### Moving your account

- 7.1 If you decide to move your current account to another bank, we will give them information on your **standing orders** and **direct debits** within three **working days** of receiving their request to do this. Also, we will close your account without unnecessary delay when you ask us to do so.
- 7.2 We will not make any extra charges for either closing or switching a current account except those already agreed with you or agreed at the time you ask us to close or switch your account.
- 7.3 If you ask us, we will tell you our policy on whether or not we will pay any legal or valuation charges for transferring any **security** to us.
- 7.4 If you ask us to, we will give to your new bank details of your credit history with us.
- 7.5 If you want to transfer your current account to us, we will tell you how the process for transferring your account to us will work and who is responsible for each step in the process, including:
- what information your old bank will pass to us;

- what features you will be offered with the new account so that you can compare your new account with features on your old account; and
- how long the transfer is likely to take.

We will give you what you need to use the account within 10 **working days** of approving your application.

- 7.6** We will cancel any bank charges you have to pay as a result of any mistake or unnecessary delay by us when you transfer your current account to or from us.

### Upgrading your account

- 7.7** We will not upgrade your current account from a free account to a fee-paying account without your permission, unless we plan to upgrade all free accounts of that type.

### Closing your account or merchant agreement

- 7.8** Under normal circumstances, we will not close your account or end your **merchant agreement** without giving you at least 30 days' notice. Examples of circumstances which are not 'normal' include threatening or abusive behaviour towards staff.
- 7.9** We will not close your account, or threaten to do so, as a response to a valid complaint you have made.

### Moving or closing your branch

- 7.10** If we plan to close or move your branch, we will tell you at least 12 weeks beforehand. We will also tell you how we will continue to provide banking services to you, including any **inter-bank agency arrangements** if these exist.

## 8 Advertising and marketing

- 8.1** We will make sure that all advertising and promotional material is clear, fair, reasonable and not misleading.
- 8.2** We will take care when we send you marketing material, particularly if it relates to loans or overdrafts or if you are under 18.
- 8.3** Unless you specifically give your permission or ask us to, we will not pass your name and address to any

company, including other companies in our group, for marketing purposes. We will not ask you to give your permission in return for **standard account services**.

- 8.4 We may tell you about another company's services or products. If you agree, that company may contact you direct.
- 8.5 When you become a customer, we will give you the opportunity to say that you do not want us to contact you for marketing purposes. At least once every three years, we will remind you that you can do this.
- 8.6 We will not insist that you buy an insurance product from us when we agree to provide a lending product.

## 9 Running your account

### Statements

- 9.1 To help you manage your account and check entries on it, we will give you regular account statements unless this is not appropriate for the type of account you have (such as an account where you have a passbook).
- 9.2 If we provide you with **merchant services**, we will give you the information you need to check the transactions you have processed.
- 9.3 We will normally give you a statement every month, every three months or at least once a year. You can ask us to give you account statements more often than is normally available on your type of account, but there may be a charge for this service.
- 9.4 If you have a **card** which allows you to withdraw money from your account, we will give you account statements at least every three months if you have used the **card**.

### Clearing payments

- 9.5 We will tell you about how automated payments **clear**, including those made over the phone, using online banking or by **standing order**. We will tell you when you can withdraw money after it has been paid into your account and when you will start to earn interest. We will do this when you open your account and whenever you ask us.

- 9.6** We will tell you about the maximum timescales for each stage of the process for **clearing** cheques you pay in or whether we offer a quicker service. We will tell you when you will start to earn interest on the money (or reduce the balance on which overdraft interest is charged), when you can withdraw the funds and when you can be certain that the money is yours. We will do this when you open your account and whenever you ask us.
- 9.7** If we provide you with **merchant services**, we will tell you when you will receive credit for **card** payments and the circumstances when **chargeback** may apply.

### Direct debits and recurring transactions

- 9.8** We will tell you how **direct debits** and **recurring transactions** work and how you may cancel one of these when you no longer need it.
- 9.9** We will tell you about the Direct Debit Guarantee, which protects you if a **direct debit** you have not authorised is taken from your account. If any money is wrongly taken from your account under a **direct debit**, we will refund your account as soon as you tell us about it.

### Cheques

- 9.10** We will keep original cheques paid from your account, or copies, for at least six years unless we have already returned these to you
- 9.11** If, within a reasonable period after the entry has been made on your statement, there is a dispute with us about a cheque paid from your account, we will give you the cheque or a copy as evidence. If there is an unreasonable delay after you have told us about it, we will add the amount of the cheque to your account until we have sorted the matter out.
- 9.12** If we already return your paid cheques (or copies) to you, we will continue to do this, and we will tell you our charges for this service.
- 9.13** If we need to tell you that a cheque you have written or another item has been returned unpaid, we will do this either by letter or in another private and confidential way.

### Foreign-exchange and international payment services

- 9.14** When you buy or sell foreign currency, we will give you an explanation of the service, details of the exchange rate and an explanation of the charges which apply to foreign-exchange transactions.
- 9.15** If you want to transfer money abroad, we will tell you how to do this and will give you:
- a description of the services and how to use them;
  - details of when the money you have sent abroad should get there, and the reasons for possible delays;
  - the exchange rate applied when converting to the foreign currency (if this is not possible at the time of the transaction, we will let you know later what the rate is); and
  - details of any commission or charges you will have to pay and a warning that the person receiving the money may also have to pay the foreign bank's charges. We will ask whether you want the person receiving the money to pay any costs.
- 9.16** If money is transferred to your bank account from abroad, we will tell you the original amount received and any charges taken. If the sender has agreed to pay all charges, we will not take off charges when we pay the money into your account.

### Protecting your account

- 9.17** We will tell you what you can do to help protect your accounts. You can find out more about what you can do to help in section 12 of this Code.
- 9.18** If you tell us that your chequebook, passbook, **card** or **electronic purse** has been lost or stolen, or that someone else knows your **PIN** or **other security information**, we will take immediate steps to try to prevent these from being used.

### Merchant services

- 9.19** When you become a **merchant services** customer, and whenever you ask us, we will give you information and advice to help protect your business against fraud.
- 9.20** Information on how to prevent and report card fraud is available on websites such as [www.cardwatch.org.uk](http://www.cardwatch.org.uk).

This site also includes interactive training on how to spot and stop card fraud.

## Unclaimed assets

**9.21** If we subscribe to the **unclaimed assets** scheme, we will tell you about the introduction of the scheme as part of our existing correspondence with you, and will remind you every three years.

The **unclaimed assets** scheme will apply if you have not been in touch with us or have not made a transaction on your savings or current account for more than 15 years. This will not affect your right to access the money in your account.

You can find out what our policy is for checking whether accounts are unclaimed by:

- looking on our website;
- calling our helpline; or
- asking our staff.

(The **unclaimed assets** scheme is scheduled to be introduced during 2009.)

# 10 Cards and PINs

This section applies to **cards** as defined in the glossary.

## General features of cards

**10.1** We will only send you, and other **authorised users**, a **card** if you ask for one or to replace a **card** you already have.

**10.2** If you do not recognise a **card** transaction which appears on your statement, we will give you more details if you ask us. In some cases, we will need you to give us confirmation or evidence that you have not authorised a transaction.

**10.3** If we confirm a transaction is unauthorised, we will refund any interest charged, unless you have acted fraudulently or without reasonable care (see under sections 12.5 and 12.11).

**10.4** Your statement will show the rate of commission or charge (if any) we apply to foreign-currency **card** transactions.

## PINs

**10.5** We will give you your **PIN** (personal identification

number) separately from your **card**. We will not make your **PIN** known to anyone else.

- 10.6** We will tell you about our systems, which allow you to choose and change your **PIN**. This should make it easier for you to remember.
- 10.7** We will tell you about alternatives to 'chip and PIN', which are available if you are unable to use a PIN because of a disability or medical condition.

### Credit cards

- 10.8** Before you become a customer, we will give you the main features of the **credit card** in a '**summary box**'.
- 10.9** When you apply for a **credit card**, we will tell you how it works and give you the terms and conditions.
- 10.10** Before we give you a credit limit, we will assess whether we feel you will be able to repay it.
- 10.11** We may increase your credit limit on your **credit card**. We will give you notice if we do this. We will also explain clearly, and closely to the notice we give you, that you can refuse the increase, and the ways in which you can do so.
- You can contact us at any time if you want to reduce your credit limit or opt out having your credit card limit increased.
  - You can ask us to increase your credit card limit. We will consider this when we have made the appropriate checks.
  - Sometimes, we may decide to reduce your credit card limit. We will tell you if we do this.
- 10.12** You will receive a monthly statement for your **credit card**, unless your account has a zero balance and has not been used. The monthly statement will include information about transactions since the last statement date, any interest which applies, the minimum repayment and other useful information including the 'allocation of payments' (how we use your payment to reduce your balance).
- 10.13** We will make sure that your minimum repayment covers more than that month's interest.
- 10.14** We will warn you when an introductory promotional interest rate on your **credit card** is about to come to an end.

- 10.15** If you make a cash withdrawal with a **credit card**, we will treat it as a cash advance. We may charge you a handling fee and interest at the cash advance rate from the date you made the withdrawal.
- 10.16** You have the opportunity to say you do not want to receive **credit card cheques** and we will let you know about any fees if you use these cheques. You may not have the same level of protection when you use a **credit card cheque** as you do with a **credit card**. This information and other important details are included in the **summary box**, which comes with all **credit card cheques**.

## 11 Your personal and business information

### Confidentiality

- 11.1** We will treat all your personal and business information as private and confidential (even when you are no longer a customer). We will not make your name and address or details about your accounts known to anyone, including other companies in our group, other than in the following four exceptional cases when we are allowed to do this by law.
- If we have to give the information by law.
  - If there is a duty to the public to make the information known.
  - If our interests mean we must give the information (for example, to prevent fraud). However, we will not use this as a reason for giving information about you or your accounts (including your name and address) to anyone else including other companies in our group, for marketing purposes.
  - If you ask us to make the information known, or if we have your permission.

### Status enquiries

- 11.2** If we are asked to respond to a **status enquiry** about you, we will make sure we have your written permission before we give it.

### Data protection

- 11.3** We will explain to you that, under the Data Protection Act, you have the right to see certain personal records we hold about you, including personal records connected with your business. (The Data Protection Act covers information about individuals, but not limited companies or limited liability partnerships.)
- 11.4** We will tell you if we record your phone conversations with us.

## 12 Protecting your accounts

### Secure and reliable banking and payment systems

- 12.1** We will co-operate with other organisations in the banking industry to provide secure and reliable banking and payment systems you can trust. The rest of this section is all about what you can do to help prevent your accounts being misused.

### Keeping us up to date

- 12.2** Please make sure you let us know as soon as possible if the nature of your business changes or if you change your:
- name;
  - business name;
  - address;
  - phone number; or
  - e-mail address (if this is how we communicate with you).

### Checking your account

- 12.3** We recommend that you check your statement or passbook regularly. If there is an entry which seems to be wrong, you should tell us as soon as possible so that we can sort it out. Regular checks on direct debits and standing orders will help you be sure the money is going where you want it to.
- 12.4** If we need to investigate a transaction on your account, you should co-operate with us and the police, if we need to involve them.

### Taking care

**12.5** Taking care of your cheques, passbook, **cards**, **electronic purse**, **PINs**, **password** and **other security information** is essential to help prevent fraud and protect your accounts. Please make sure that you follow the advice given below.

- Do not keep your chequebook and **cards** together.
- Do not allow anyone else to use your **card**, and do not tell anyone else your **PIN**, **password** or **other security information**.
- Your bank or building society will never ask you to tell them your **PIN**. If you are in any doubt about whether a caller is genuine, or if you are suspicious about them, take their details and call us.
- If you change your **PIN**, you should choose your new **PIN** carefully.
- Try to remember your **PIN**, **password** and **other security information** and securely destroy the notice as soon as you receive it.
- Never write down or record your **PIN**, **password** or **other security information**.
- Always take reasonable steps to keep your **card** safe and your **PIN**, **password** and **other security information** secret at all times.
- If your **card** issuer takes part in a secure online payment system (such as Verified by Visa or MasterCard SecureCode), consider signing up either at their website or whenever you are given the option while shopping online. This involves you registering a **password** with your **card** company, which you will be asked whenever you shop at an online retailer taking part in the scheme. You should keep this **password** secret.
- Never give your account details or **other security information** to anyone unless you know who they are and why they need them.
- Keep your **card** receipts and other information about your account containing personal details (for example, statements) safe and get rid of them carefully.
- Take care when storing or getting rid of information about your accounts. People who commit fraud use many methods such as 'bin raiding' to get this type of information. You should take simple steps such as shredding printed material.
- Be aware that your post is valuable information in the

wrong hands. If you fail to receive a bank statement, **card** statement or any other expected financial information, contact your bank or building society.

- You will find the APACS website [www.cardwatch.org.uk](http://www.cardwatch.org.uk) a helpful guide on what to do if you suspect **card** fraud.

**12.6** When you write a cheque, it will help to prevent fraud if you clearly write the name of the person you are paying the cheque to and put extra information about them on the cheque, especially if you are not personally paying a cheque in (for example, because you are sending a cheque by post).

- If you are paying a cheque to a large organisation such as HM Revenue & Customs, do not make the cheque payable simply to that organisation. Add further details into the payee line (for example, HM Revenue & Customs re: J Jones, your reference xxxyyz). You should draw a line through any space you don't use on the cheque so unauthorised people cannot add extra numbers or names.
- If you are making a cheque payable to a bank or a building society, do not make the cheque payable simply to that organisation. Add further details in the payee line (for example XYZ Bank, re: J Jones, account number xxxxxx). You should draw a line through any space you don't use on the cheque so unauthorised people cannot add extra numbers or names.

### **What to do if you lose your chequebook, passbook, electronic purse or card, or if someone else knows your PIN**

**12.7** It is essential that you tell us as soon as you can if you suspect or discover that:

- your chequebook, passbook, **card** or **electronic purse** has been lost or stolen; or
- someone else knows your **PIN**, **password** or **other security information**.

**12.8** The best way of telling us about the loss will usually be by phone, using the numbers we have given you, or by e-mail to the address we have given you for this purpose.

### **Online banking**

**12.9** Online banking is safe and convenient as long as you take a number of simple precautions. Please make sure you follow the advice given below.

- Keep your PC secure. Use up-to-date anti-virus and spyware software and a personal firewall.
- Keep your **passwords** and **PINs** secret.
- We (or the police) will never contact you to ask you for your online banking or payment card **PINs**, or your **password** information.
- Treat e-mails you receive from senders claiming to be from your bank or building society with caution and be wary of e-mails or calls asking you for any personal security details.
- Always access internet banking sites by typing the bank or building society's address into your web browser. Never go to a website from a link in an e-mail and then enter personal details.
- Follow our advice – our websites are usually a good place to get help and guidance on how to stay safe online.
- Visit [www.banksafeonline.org.uk](http://www.banksafeonline.org.uk) for useful information.

### Cancelling payments

- 12.10** If you want to cancel a payment or series of payments you have authorised, you should do the following.
- To cancel a cheque or standing order, you must tell us (we cannot cancel cheques covered by a cheque guarantee **card**).
  - To cancel a **direct debit**, you can either tell the **originator** of the **direct debit** or tell us. We recommend you do both.
  - To cancel a **recurring transaction**, you must tell the **originator**. We recommend you keep proof of the cancellation.
  - It may not be possible to cancel payments if you do not give enough notice of your decision to cancel.

### Liability for losses

- 12.11** If you act fraudulently, you will be responsible for all losses on your account. If you act without reasonable care and this causes losses, you may be responsible for them. (This may apply if you do not, for example, follow sections 12.5 or 12.9 or you do not keep to your account's terms and conditions.)
- 12.12** Unless we can show that you have acted fraudulently or without reasonable care, your liability for your **card** being misused will be limited as follows.
- If someone else uses your **card** before you tell us it

has been lost or stolen or that someone else knows your **PIN**, the most you will have to pay is £50.

- If someone else uses your **card** details without your permission and your **card** has not been lost or stolen, you will not have to pay anything.
- If someone else uses your **card** details without your permission for a transaction where the cardholder does not need to be present (for example, buying something over the internet), you will not have to pay anything.
- If your **card** is used before you have received it, you will not have to pay anything.

**12.13** Unless you have acted fraudulently or without reasonable care (for example by not following the advice in section 12.9), you will not be liable for losses caused by someone else which take place through your online banking service.

### Account aggregation services

**12.14** If you use an **account aggregation** service, you may be liable for any fraud or mistakes that happen on your accounts as a result.

### Electronic purse

**12.15** You should treat your **electronic purse** like cash in a wallet. If you lose your **electronic purse** or it is stolen, you will lose any money in it, in just the same way as if you lost your wallet.

**12.16** However, unless we can show that you have acted fraudulently or without reasonable care, your liability for the misuse of your **electronic purse** will be as follows. If money is transferred to your **electronic purse** by unauthorised withdrawals from your account before you tell us it has been lost, stolen or misused, the most you will lose is £50.

**12.17** You will not lose anything if money is transferred from your account to your **electronic purse** after you have told us it has been lost or stolen or that someone else knows your **PIN**.

# 13 Financial assessment and security

## Financial assessment

- 13.1** Before we lend you any money, or increase your **overdraft** or borrowing limit, we will assess whether we feel you will be able to repay it. Before we provide you with **merchant services**, we will assess whether we are able to meet your **card**-processing needs. This assessment will probably include looking at the following.
- Information you give us, including information to prove your identity and why you want to borrow the money or use **merchant services**.
  - Your business plan and accounts.
  - Your business's cash flow, profitability and existing financial commitments.
  - Any personal financial commitments which may affect the business.
  - How you have handled your finances in the past.
  - Information we get from **credit reference agencies** and, with your permission, others, such as other lenders and your landlord.
  - Credit-assessment techniques, such as **credit scoring**.
  - Any **security** provided.
- 13.2** If we offer you an **overdraft**, or an increase in your existing **overdraft** limit, we will tell you if your **overdraft** is repayable on demand (in other words, if you have to immediately pay back any amounts you owe when we ask you to).
- 13.3** Before you accept the **facility**, we will agree with you what sort of monitoring information we will need and how often you should provide it.
- 13.4** We will write to you, setting out our agreement for our and your benefit, and to avoid the possibility of misunderstandings in the future. What is appropriate will vary from case to case, and we will make our needs clear. Here are some examples of what information we might need.
- A comparison of the forecasts in your business plan with the actual results.
  - Progress on important parts of your business plan such as renewing contracts.

- Revised cash-flow forecasts.
- Major capital spending proposals.
- Annual accounts and management accounts.
- Details of how much you owe to creditors, and you are owed by debtors, and for how long.
- Proof that you are meeting any special terms agreed between us.

If your circumstances change, we will talk to you about any new information we will need from you.

- 13.5** We will recommend that you get independent advice before accepting the **facility**.
- 13.6** If we cannot help you, we will explain the main reason why, if you ask us to. We will give you this, in writing or electronically, if you ask.

### Security

- 13.7** If we ask you for **security** to support your borrowing or other liabilities, we will tell you why we need this **security** and we will confirm what we need in writing. We will make sure that any documents are easy to understand by avoiding technical language whenever possible. We will make sure that you have the opportunity to discuss with us anything you are not sure about.

You should read the documents carefully and feel free to ask us questions and get independent advice, particularly if you are not sure about your liability. By law, you and we must keep to the responsibilities set out in the documents, and you should only sign them if you understand what you are doing.

If you ask us, we will tell you under what circumstances we will agree to release the **security**.

### Guarantees and other security from another person

- 13.8** We may agree to accept **security** provided by another person to support your business's liabilities. If you want us to accept a **guarantee** or other **security** from another person for your liabilities, we may ask you for your permission to give confidential information about your finances to the person giving the **guarantee** or other **security**, or to their legal adviser.

If the **guarantee** or other **security** is provided by an individual rather than a business, we will also:

- recommend that the person providing the **guarantee** gets independent legal advice to make sure that they understand their commitment and the possible consequences of their decision (if appropriate, the documents we ask them to sign will clearly show this information);
- tell them that, by giving the **guarantee** or other **security**, they may become liable instead of, or as well as, you; and
- tell them what their liability will be.

We will not take an unlimited **guarantee** from individuals, other than to support your liabilities under a **merchant agreement**. We will accept unlimited **guarantees** from companies.

### Credit reference agencies

- 13.9** When you open your account or apply for a **card**, we will tell you when we may pass your account details to **credit reference agencies** and the checks we may make with them.
- 13.10** We may give information to **credit reference agencies** about the debts you owe us if:
- you have fallen behind with your payments;
  - the amount owed is not being disputed; and
  - you have not made proposals we are satisfied with for repaying your debt, following our formal demand.
- 13.11** In these cases, we will give you at least 28 days' notice that we plan to give information about the debts you owe us to **credit reference agencies**. At the same time, we will explain to you the role of **credit reference agencies** and the effect the information they provide can have on your ability to get credit.
- 13.12** We may give **credit reference agencies** other information about the day-to-day running of your account if you have given us your permission to do so.

## 14 Financial difficulties – how we can help

- 14.1** We will be sympathetic and positive when we consider any financial difficulties you may have. You will usually spot problems first and should let us know as soon as possible. If we become aware of problems, we will let you know in writing. If speed seems to be important, we may try to contact you by phone, fax or e-mail.
- 14.2** This list gives a few examples of what may concern us, particularly if you do not explain what is happening.
- If you go overdrawn without our agreement.
  - If you go over your agreed **overdraft** limit, especially more than once.
  - If there are large increases or decreases in your business's turnover.
  - If you are trading at a loss.
  - If you suddenly lose an important customer or employee.
  - If you sell a large part of your business.
  - If you use a **facility** for purposes other than those agreed with us.
  - If you fail to make a loan repayment.
  - If you do not keep to conditions set out in the loan agreement.
  - If you do not supply agreed monitoring information on time.
  - If another creditor brings a winding-up petition or other legal action against your business.
- 14.3** We will do all we can to help you overcome your difficulties. With your co-operation, we will develop a plan with you for dealing with your financial difficulties and we will tell you, in writing, what we have agreed.
- 14.4** If you are in difficulties, you can also get help from debt-counselling and business support organisations. We will tell you where you can get advice, some of which may be free. If you ask us to, we will work with your advisers. The contact details for some organisations which may be able to help are as follows.
- Advice UK  
Phone: 020 7407 4070  
Website: [www.adviceuk.org.uk](http://www.adviceuk.org.uk)

- Business Debtline  
Phone: 0121 250 3000  
Website: [www.birminghamsettlement.org.uk](http://www.birminghamsettlement.org.uk)
- Business Link  
Phone: 0845 600 9006  
Website: [www.businesslink.gov.uk](http://www.businesslink.gov.uk)
- Citizens Advice  
Website: [www.citizensadvice.org.uk](http://www.citizensadvice.org.uk)  
You can get the phone number of your local bureau from The Phone Book, the local library or the website above.
- Citizens Advice Scotland  
Phone: 0131 550 1000  
Website: [www.cas.org.uk](http://www.cas.org.uk)
- Federation of Small Businesses  
Website: [www.fsb.org.uk](http://www.fsb.org.uk)
- Financial Services Authority  
Phone: 0845 606 1234  
Website: [www.fsa.gov.uk](http://www.fsa.gov.uk)
- Money Advice Scotland  
Phone: 0141 572 0237  
Website: [www.moneyadvicescotland.org.uk](http://www.moneyadvicescotland.org.uk)
- National Federation of Enterprise Agencies  
Phone: 01234 831623  
Website: [www.nfea.com](http://www.nfea.com)
- Northern Ireland Association of Citizens Advice Bureaux  
Phone: 028 9023 1120  
Website: [www.niacab.org](http://www.niacab.org)
- The British Chambers of Commerce  
Phone: 020 7654 5800  
Website: [www.chamberonline.co.uk](http://www.chamberonline.co.uk)
- The Insolvency Service  
Phone: 0845 602 9848  
Website: [www.insolvency.gov.uk](http://www.insolvency.gov.uk)
- The Forum of Private Business  
Phone: 01565 634467  
Website: [www.fpb.co.uk](http://www.fpb.co.uk)  
The Institute of Directors  
Phone: 020 7766 8866  
Website: [www.iod.com](http://www.iod.com)

**14.5** We follow the British Bankers' Association's 'Statement of Principles', which explains how we should work with you to deal with the problems you are experiencing. We will give you a copy of the 'Statement of Principles'

when you become a customer. If you need another copy, we will give one to you if you ask us. You can also download the document from the British Bankers' Association's website at [www.bba.org.uk](http://www.bba.org.uk).

- 14.6 If your business has failed, you can get help from business support organisations. We will tell you where you can get advice, some of which may be free (see section 14.4).
- 14.7 We will explain to you what action we may take, given the circumstances relating to why your business has failed.
- 14.8 If you or another person has provided a **guarantee** or other **security** to support your business liabilities, you should read the relevant **guarantee** or **security** documents. You should get independent advice to understand what your liability is as a result of the business failing.
- 14.9 In certain circumstances we may pass your debt to another organisation or debt-collection agency. When arranging how you will make your repayments, we will always choose reputable firms which also agree to follow the Code.
- 14.10 In other circumstances, we may sell your debt. We will always choose reputable firms if we do this.

# 15 Complaints

## Step 1 – Internal procedures

- 15.1 If you want to make a complaint, we will tell you how to do this and what to do if you are not happy with the outcome. Our staff will help you with any questions you have.
- 15.2 When you become a customer, we will tell you where to find details of our procedures for handling complaints fairly and quickly. These procedures meet the requirements of the Financial Services Authority.
- 15.3 When we receive your complaint, if we are not able to sort it out quickly, we will send you a prompt written acknowledgement to confirm that we are dealing with it.
- 15.4 We will keep you informed of our progress in dealing with your complaint.

- 15.5** If we have not already sent it, we will send you our final response within eight weeks (or explain why we are not in a position to make a final response) and tell you that you can refer your complaint to the Financial Ombudsman Service (if this applies). We will also enclose a copy of the leaflet explaining the Financial Ombudsman Service (if this applies).

## Step 2 – Financial Ombudsman Service

- 15.6** The Financial Ombudsman Service (FOS) is a free, independent service which might be able to settle a complaint between a customer and a bank or building society. You can take your complaint to the FOS if you are not satisfied with our efforts to deal with it or if we have not completed our investigations within eight weeks of your complaint.

The contact details of the FOS are as follows.

- The Financial Ombudsman Service  
South Quay Plaza  
183 Marsh Wall  
London E14 9SR  
Phone: 0845 080 1800  
Website: [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk)

# 16 Monitoring

- 16.1** We have a 'Code Compliance Officer' and our own auditing procedures make sure we meet the Code.

## Banking Code Standards Board

- 16.2** The Banking Code Standards Board monitors banks and building societies to make sure they keep to this Code. It cannot deal with customers' complaints but can provide information on the standards that banks and building societies must meet. Their contact details are as follows.

- Banking Code Standards Board  
Level 12, City Tower  
40 Basinghall Street  
London EC2V 5DE  
Phone: 0845 230 9694  
Website: [www.bankingcode.org.uk](http://www.bankingcode.org.uk)

## 17 Getting help

- 17.1** If you have any questions about the Code, you should contact the British Bankers' Association or APACS. Their addresses and phone numbers are at the front of this booklet. You can also contact the Banking Code Standards Board at the address above.

### Copies of the Code

- 17.2** All banks that follow the Code will make copies of it available to all their **business customers**. They will also have notices in all their branches and on their websites explaining that copies of the Code are available and how you can get one.
- 17.3** You can get a copy of this Code and guidance notes on how this Code should be followed from the Banking Code Standards Board, whose contact details are given in section 16.2, or from the British Bankers' Association at the address at the front of this Code.

### Further information

- 17.4** You can get more information on a range of banking matters from the British Bankers' Association's (BBA) 'BankFacts' leaflets, and from APACS's 'payment facts'. Also, the BBA and APACS have customer helplines (the phone numbers are given at the front of this Code) and provide information on their websites ([www.bba.org.uk](http://www.bba.org.uk) and [www.apacs.org.uk](http://www.apacs.org.uk)).
- 17.5** **Financial Services Compensation Scheme**  
We are part of the Financial Services Compensation Scheme (FSCS) set up under the Financial Services and Markets Act 2000. The FSCS pays compensation if an authorised firm cannot pay claims against it. The scheme is governed by FSA rules. For more details on the scheme, go to the FSCS website at [www.fscs.org.uk](http://www.fscs.org.uk) or phone 020 7892 7300.

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# Glossary

These definitions explain the meaning of words and terms used in the Code. They are not precise legal or technical definitions.

## **Account aggregation**

Account aggregation services allow you to have details of some or all of the online accounts you hold with financial institutions, and other information, presented on one web page. These services may be provided by a financial institution (who you may already hold an account with) or through a website not owned by a financial institution.

## **Authorised user**

Any person you have asked us to give a card to.

## **Banker's reference**

An opinion about your ability to enter into, or repay, a financial commitment.

## **Banking and payment systems**

The clearing, money transmission and computer systems that are controlled by financial institutions that follow the Code.

## **Base rate or Bank of England base rate**

This is the rate the Bank of England considers every month and publicly announces any changes to.

## **Business customer**

A customer who runs a non-personal account and who has a yearly trading turnover of under £1 million (or an income of under £1 million in the case of charities and clubs). For groups of limited companies, the turnover figure relates to the overall group turnover and not to individual companies within the group.

## **Card**

A general term for any plastic card a customer may use to pay for goods and services or to withdraw cash. In this Code it includes debit, credit, cheque guarantee, charge and business charge cards. It does not include electronic purses or store cards.

### **Cash card**

A card, other than a charge card or credit card, which allows the cardholder to withdraw cash from a cash machine.

### **Cash-handling fee**

A fee which we may charge for exchanging, withdrawing or paying in cash. A cash-handling fee is normally agreed as part of the charge for standard account services.

### **Cash machine**

An automated teller machine (ATM) or free-standing machine at which a customer can use their card to get cash, information and other services.

### **Clearing**

#### CHEQUES

A cheque normally takes six working days to clear, as shown below.

- Day 0 – The collecting bank or building society receives the cheque.
- Day 2 – The account starts to earn interest on the money paid in or reduces the balance on which overdraft interest is charged. This is also the day on which the payer's bank account will be debited with the amount shown on the cheque.
- Day 4 (or day 6 for savings accounts) – The money is available to withdraw (if it is an account that allows withdrawals).
- Day 6 – By the end of the day, the customer can be certain that the money is theirs and cannot be reclaimed without their permission (as long as the customer has not deliberately committed fraud).

Up until the end of day 6, a cheque may still bounce and the money may be reclaimed from the payee's account.

#### CLEARING OF AUTOMATED PAYMENTS

- A new payment system is due to come into force from May 2008. The Faster Payments Service will allow electronic payments (usually made over the internet or phone) to be processed in hours rather than days. It will also be used to make quicker standing-order payments on bank working days.

This service may not be available from all banks and building societies.

- If this same-day service is not used, automated payments will be processed on a three-day clearing cycle through Bacs. When you give an instruction to your bank to make an automated payment, the money will normally be taken from your account on the same day. Payments through Bacs may take longer than three working days for some financial institutions. However, if the account of the person you are paying is at the same bank as yours, the amount will usually be credited on the same day.

## **Chargeback**

A card payment transaction where there is a disagreement about and which may be returned and charged to the merchant.

## **Charge card**

A card which allows you to make purchases and to draw cash up to an arranged credit limit. The terms include paying the balance in full at the end of a set period. You will normally be charged a fee each year.

## **Charging period**

This is the period during which charges for transactions on your account build up before we take them from your account in a single payment, rather than charging you for each transaction as it happens. We will tell you what your charging period is.

## **Credit card**

A card which allows you to make purchases and withdraw cash up to an arranged credit limit. You can pay off the credit we grant you in full or in part by a set date. Interest is usually charged on the amount of any balance you still owe. In the case of cash withdrawals, interest is normally charged from the transaction date. You may also have to pay an annual fee.

## **Credit card cheque**

A cheque drawn against a credit card account that gives the cardholder another way of accessing funds up to their credit limit. This is usually to make transactions where credit cards are not accepted. Interest is normally charged from the transaction date. Important features include the following.

- Credit card cheques may not provide the same level

of protection as when you buy items with a normal credit card.

- There is usually a transaction fee for each cheque you use.
- The interest-free period of the credit card may not apply to the credit card cheque.

### **Credit reference agencies**

Organisations, licensed under the Consumer Credit Act, which hold information about people and businesses that is useful to lenders. Banks and building societies may contact these agencies for information to help them make various decisions – for example, whether or not to open an account or provide loans or credit.

Banks and building societies may also give the agencies information.

### **Credit scoring**

A system which banks and building societies use to help them make decisions about whether to open an account or lend money. Credit scoring measures the likelihood that a customer will run an account in an acceptable way or repay a loan or other borrowing on time. You can get more information from banks and from credit reference agencies.

### **Debit card**

A payment card linked to a bank or building society account, used to pay for goods and services by taking the money from the cardholder's account direct. A debit card is usually also combined with other facilities such as cash card and cheque guarantee functions. Some debit cards, sometimes known as 'Solo' or 'Electron' cards, need to be authorised immediately for the retailer to be able to complete the transaction.

### **Direct debit**

A pre-authorised debit on the payer's account set up by the payee (known as an originator). Direct debits are typically used to make regular payments for debts such as utility bills and insurance payments and amounts may be variable.

**Electronic purse**

Any card, or function of a card, which contains real value in the form of electronic money which someone has paid for beforehand. Some cards can be reloaded with more money and can be used for a range of purposes.

**Facility**

A general term used to describe a banking service although most commonly used when we lend you money.

**Fixed rate**

An interest rate which is guaranteed not to change over a set period of time.

**Fixed term**

This applies to products and services which have a set lifetime, or where certain terms are fixed for a set period. You may be charged if the bank agrees to alter the product or service before the end of its life, or agrees to vary the terms before the end of the set period.

**Guarantee**

A promise given by a person called 'the guarantor' to pay another person's debts if that person does not pay them. Companies, as well as individuals, can give guarantees.

**Inter-bank agency agreement**

A discretionary agreement for one bank to provide money-transmission services to the customer of another bank at an agreed cost. This cost may be passed on to you.

**Joint and several liability**

This is when two or more people have an account or a guarantee and are each, individually, responsible for the full amount of any borrowing on the account.

**Merchant**

The customer of the bank which is providing merchant services.

**Merchant agreement**

This sets out the terms and conditions on which a customer can accept cards and on which a bank will accept and process card transactions.

### **Merchant services**

This is when a bank provides facilities to allow customers to accept debit and credit cards for paying for goods and services.

### **Originator**

A company (either a retail or service organisation) which collects payments from a customer's account in line with the customer's instructions. This only applies to direct debits and recurring transactions.

### **Other security information**

Facts and information only you know that are used for identification when using accounts.

### **Other services**

These are services which you may not use regularly and so are not included in standard account services. Typical examples are sterling drafts, night-safe facilities, stopped cheques and cheques returned unpaid. Charges are usually made for these services when the customer uses them. Or, they may be more regular services but governed by separate contracts and charging arrangements.

### **Out-of-date cheque**

A cheque which has not been paid because the date written on the cheque is too old (normally older than six months).

### **Overdraft**

A facility that allows you to spend more money from your account than you have in it.

### **Password**

A word or an access code which you have chosen to allow the use of a phone or internet banking service.

### **Personal customer**

Any person who is acting for purposes which are not linked to their trade, business or profession. (This definition is based on the one used in European legislation and by the Financial Services Authority with the title of either 'consumer' or 'retail customer'.)

In practice, personal customers may act in a number of capacities. The above definition does not include an

individual acting, for example:

- as trustee of a trust such as a housing or NHS trust;
- as a member of the governing body of a club or other unincorporated association such as a trade body or a student union; or
- as a pension trustee.

Examples of personal customers acting in roles that are included in the above definition are:

- personal representatives, including executors, unless they are acting in a professional role (for example, a solicitor acting as executor); and
- private individuals acting in personal or other family circumstances (for example, as trustee of a family trust).

### **PIN (personal identification number)**

A confidential number which allows customers to buy things, withdraw cash and use other services at a cash machine. Instead of signing a receipt, you will often have to enter your PIN into a machine at the counter to authorise a transaction.

### **Recurring transaction**

A regular payment (other than a direct debit or standing order) collected from a customer's card account by an originator, in line with the customer's instructions. Recurring transactions are not covered by the Direct Debit Guarantee.

### **Security**

A word used to describe valuable assets which are used as support for a loan or other credit facility. Under the terms of the security, if the borrower cannot repay the loan, the lender has the right to sell the security in order to repay it.

Security provided by businesses can include charges over property, life policies and share certificates. In the case of limited companies, security may include guarantees from other group companies or from company directors, or a mortgage debenture (this is a form of security which includes a charge on all the assets of the company).

### **Standard account services**

These are defined by each bank and generally include opening, maintaining and running accounts for transmitting money (for example, by cheque or debit card). Services which are not part of the day-to-day running of the account are known as 'other services' and are defined above.

### **Standing order**

An instruction from customers to their bank or building society to make regular automated payments of a specific amount.

### **Status enquiry**

An opinion about a particular customer's ability to enter into, or repay, a financial commitment.

### **Summary box**

This gives you a brief summary, in a standard format, of the key features of the credit card you are considering so you can compare different products more easily.

### **Unclaimed assets**

Accounts that a customer has forgotten about or not used for an extended length of time. Under the unclaimed assets scheme, due to be introduced in 2009, money from accounts which have not been used for a longstanding period will be transferred for use on community causes.

### **Unpaid cheque**

This is a cheque which, after being paid into the account of the person or business it is written out to, is returned 'unpaid' (bounced) by the bank or building society whose customer issued the cheque. This leaves the person or business the cheque was written out to without the money in their account.

### **Working days**

Monday to Friday, not including bank holidays.



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**The Business Banking Code**

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