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Press Release


The SEPA Direct Debit Schemes ensure complete Consumer Protection

04 March, 2010 – Brussels: the European Payments Council (EPC), the coordination and decision-making body of the European payments industry, confirms that the SEPA Direct Debit Schemes (SDD) developed by the EPC in close dialogue with all market participants ensure complete protection of consumers. The SDD Schemes are fully aligned with consumer rights as defined in the EU Payment Services Directive (PSD). Even exceeding the requirements of the PSD, the SEPA Core Direct Debit Scheme grants consumers a **“no-questions-asked” refund right** during the eight weeks following the debiting of a consumer’s account; e.g. during this time any funds collected by SEPA Direct Debit will be credited back to the consumer’s account upon request. In the event of unauthorised direct debit collections, the consumer’s right to a refund extends to thirteen months as stipulated in the PSD.

In response to concerns voiced by the Bureau Européen des Unions de Consommateurs (BEUC), EPC Chair Gerard Hartsink clarifies again: **“The SDD Schemes are built on the same business assumptions and basic trust between the parties involved as the established pre-SEPA, national direct debit model used for decades in the majority of EU Member States.** Millions of consumers, firms and institutions are making direct debit payments based on this long-standing, proven and trusted relationship model in countries such as, for example, Germany (6,9 billion direct debits in 2007), the United Kingdom (3,0 billion), France (2,9 billion), Spain (2,2 billion) or the Netherlands (1,2 billion).”

In addition, **banks servicing billers who collect direct debit payments must ensure that only trustworthy billers are able to collect payments via SEPA Direct Debit.** This is also in the interest of banks as they would have to cover any losses resulting from fraudulent and / or erroneous direct debits.

To help in **meeting the preferences of consumers living in countries currently using an alternative direct debit model,** the SEPA Direct Debit includes the option to create mandates through the use of electronic channels – called e-mandates. With a mandate the consumer authorises a biller to collect payment by direct debit. In addition, the mandate authorises the consumer’s bank to debit the consumer’s account when a direct debit collection is presented. If the consumer issues an e-mandate, the mandate

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information stays directly with the consumer’s bank. In this case, the consumer’s bank has the option to verify whether the consumer authorised a direct debit collection.

EPC Chair Gerard Hartsink adds: “The process of defining SEPA Schemes catering to corporate enterprises, small and medium-sized businesses, public administrations and consumers across 32 countries can be compared to designing a car model: the **basic model must meet key market requirements. At the same time, the model must be flexible enough to include options to add extras on demand.** This concept provides maximum choice to customers while avoiding that a majority of customers has to buy features they do not need.”

“The EPC greatly appreciates the dialogue taking place in the EPC Customer Stakeholder Forum (CSF) established in 2007. The CSF provides organisations representing customer interests on a European level, including the BEUC, with the opportunity to bring their ideas to the table. Obviously, there are differentiated – and occasionally mutually exclusive – views on SEPA requirements among and within individual customer segments. It therefore needs to be recognised that **the benefits resulting from the SEPA harmonisation exercise are at risk if all market participants insist on cementing their own legacy payment habits via the SEPA Schemes.** Some adjustments are required by all parties.”

The SEPA Schemes evolve based on a transparent and inclusive change management process defined in the SEPA Scheme Management Internal Rules which stipulate that literally anybody, e.g. all stakeholders, may formally introduce suggestions for changes to the schemes. The EPC is required to evaluate the feasibility of such suggestions based on a fixed catalogue of objective criteria also set out in the Internal Rules. Any proposed changes to the schemes are subject to a three-month public consultation. Proposed changes to the schemes that find broad acceptance in the entire user community are taken forward. Change requests that lack such broad support are not – regardless whether such a change is proposed by a payment service provider or a customer representative. As a result of this change management process, the SEPA Schemes now incorporate numerous features introduced by end users.

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Notes to the editors:

The EPC makes available upon request detailed information on the principles governing the SEPA Direct Debit Schemes to ensure complete consumer protection (contact Meral Ruesing at meral.ruesing@europeanpaymentscouncil.eu)

The SEPA Scheme Change Management Process is described in detail in section 3 of the Scheme Management Internal Rules which are available for download on the EPC web site at

http://www.europeanpaymentscouncil.eu/knowledge_bank_detail.cfm?documents_id=155

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About the European Payments Council

The European Payments Council (EPC) is the coordination and decision-making body of the European payments industry. The purpose of the EPC is to promote the Single Euro Payments Area (SEPA). The EPC defines common positions for the cooperative space of payment services, provides strategic guidance for standardisation, formulates rules, best practices and standards and supports and monitors implementation of decisions taken. The EPC consists of 76 members representing banks, banking communities and payment institutions. More than 300 professionals from 32 countries are directly engaged in the work programme of the EPC, representing all sizes and sectors of the banking industry within Europe.

The EPC develops the payment schemes and frameworks necessary to realise SEPA. SEPA is an EU integration initiative in the area of payments designed to achieve the completion of the EU internal market and monetary union. SEPA is the area where citizens, companies and other economic participants can make and receive payments in euro, within Europe, whether within or across national boundaries under the same basic conditions, rights and obligations, regardless of their location. SEPA is currently defined as consisting of the EU 27 member states plus Iceland, Norway, Liechtenstein, Switzerland and Monaco.



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For further information on the EPC please contact secretariat@europeanpaymentscouncil.eu or visit www.europeanpaymentscouncil.eu.

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