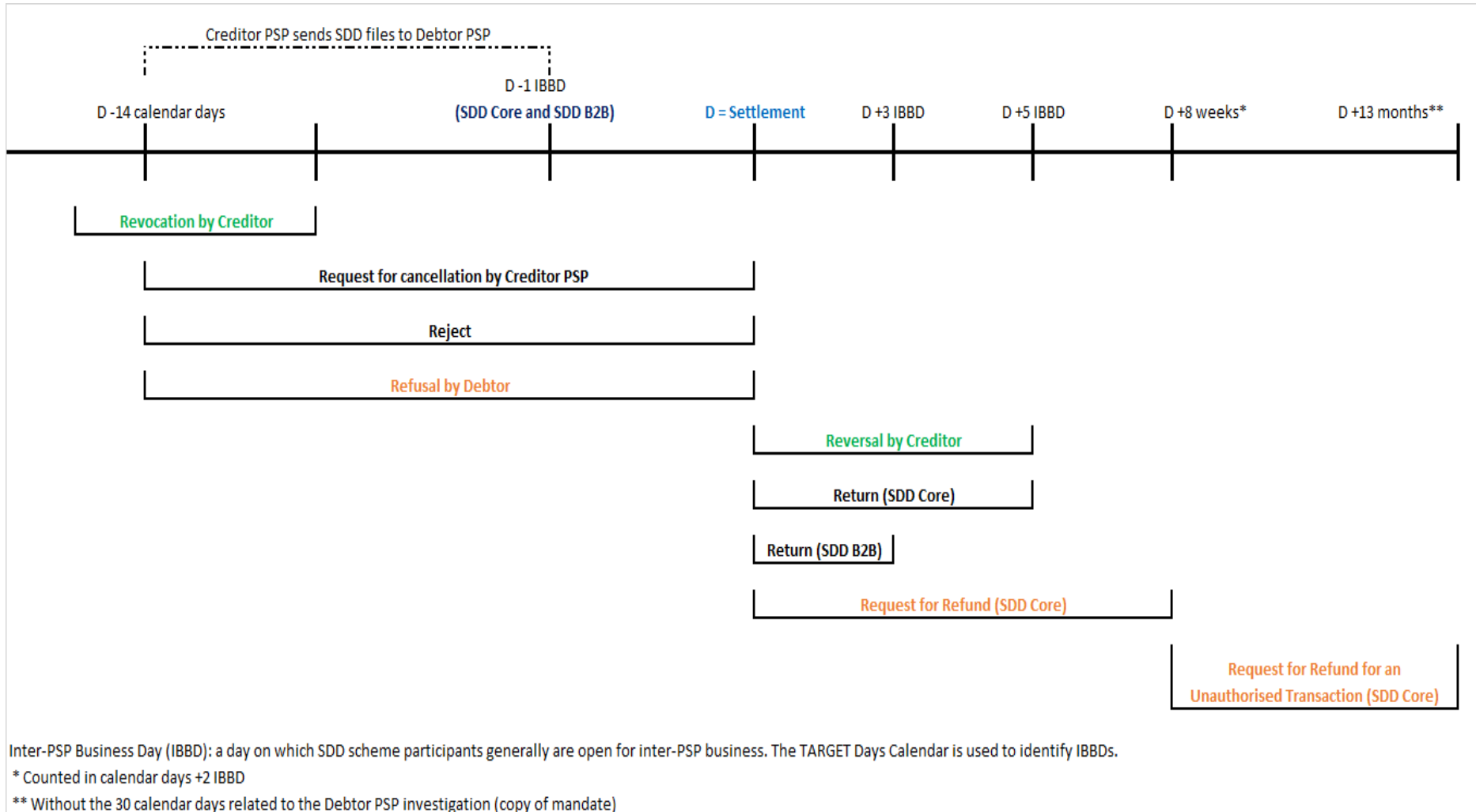# Guidance On Reason Codes
For SDD R-transactions

1. SDD R-transaction definition

The content of this document applies to the SEPA Direct Debit (SDD) Core scheme rulebook and to the SDD Business-to-Business (B2B) scheme rulebook.

Some direct debit transactions require exception handling, because one of the parties involved does not or cannot process the collection in the normal way. This exception handling involves the sending of messages called R-transactions because their names all start with an R: Refusals, Rejects, Returns, Refunds, Reversals. The definitions of the various SDD R-transactions are outlined in section 4.4 of both SDD rulebooks.

The type of SDD R-transaction used depends on the point in time in the processing chain at which the R-transaction is initiated or sent as well as on the party initiating or sending the R-transaction. The process of exception handling starts at the point in the process where the problem is detected. It is important to note that an SDD scheme participant must channel Rejects, Returns and Refunds of SDD collections through the same CSM used for the clearing and settlement of the initial SDD collection, unless otherwise agreed between the SDD scheme participants (see last paragraph under section 4.4 of both SDD rulebooks).

The R-transactions presented within the SDD schemes must be processed within the timeline described below (R-transaction scenarios under SDD Core and SDD B2B):

Creditor PSP sends SDD files to Debtor PSP

| D -14 calendar days | | D -1 IBBD **(SDD Core and SDD B2B)** | D = Settlement | D +3 IBBD | D +5 IBBD | D +8 weeks* | D +13 months** |

Revocation by Creditor

Request for cancellation by Creditor PSP

Reject

Refusal by Debtor

Reversal by Creditor

Return (SDD Core)

Return (SDD B2B)

Request for Refund (SDD Core)

Request for Refund for an Unauthorised Transaction (SDD Core)

Inter-PSP Business Day (IBBD): a day on which SDD scheme participants generally are open for inter-PSP business. The TARGET Days Calendar is used to identify IBBDs.

* Counted in calendar days +2 IBBD

** Without the 30 calendar days related to the Debtor PSP investigation (copy of mandate)

2. Issues reported in the use of SDD R-transaction reason codes

Some SDD scheme participants, when acting as a Debtor PSP, are not applying the correct R-transaction reason codes.

Therefore, all scheme participants are reminded to use the correct SDD R-transaction reason codes described in the SDD rulebooks. Section 3 of this document provides guidance to the SDD scheme participants about the reason codes to be used to report specific SDD collection issues.

SDD scheme participants should avoid the use of general codes when a more precise reason can be given which is not legally forbidden in the Debtor PSP country.

However, there are some restrictions in the use of SDD R-transaction reason codes due to national legislation (e.g., data protection laws).

Furthermore, the Debtor PSP or communities of Debtor PSPs could use different SDD R-transaction reason codes in specific situations:

- An R-transaction having different reasons (e.g., insufficient funds and Creditor blacklisted). This depends on the IT processing and the banking applications of the Debtor PSP.
- The level of control related to the risk policies and the Know-Your-Customer (KYC) principles of the Debtor PSP. The Debtor PSP decides whether it makes a check on the sequence type or Creditor Identifier (CI) and whether an SDD collection should be rejected accordingly.
- An R-transaction could be the result of a specific service provided by the Debtor PSP. An example is to limit an SDD collection to a certain amount and periodicity which could be part of a specific service (e.g., an "authorisation/stop payment" feature) implemented as a consumer protection mechanism.

3. Guidance in using SDD R-transaction reason codes

Code	ISO definition	Reason specified in the Rulebook	Type of R-trans.	Exhaustive list of use-cases	Possible root cause	Suggested Creditor action[1]
AC01	Incorrect Account Number	Account Identifier incorrect (i.e. invalid IBAN of the Debtor).	Reject, Return.	Reject: • Invalid format of the IBAN; • IBAN not existing at the Debtor PSP. Return: IBAN not existing at the Debtor PSP.	• Debtor gave wrong data; • Creditor used wrong IBAN data from its customers' database; • Creditor had technical problem during the processing of collection issuance.	• Contact the Debtor in order to get the correct IBAN of the Debtor; • In case of mandate amendment: check the data provided by the Debtor.
AC04	Closed Account Number	Account closed.	Reject, Return.	The account of the Debtor is closed at the Debtor PSP. **Note: This code cannot be used in certain SEPA countries for reasons of data protection. MS03 could be used as an alternative.**	Debtor closed his account since the last time the Creditor presented a collection for this account.	Contact the Debtor for the new account.
AC06	Blocked Account	Account blocked.	Reject, Return.	Account blocked for any financial transaction.	• Debtor PSP blocked the account or the SDD collection due to a Court Order; • Debtor PSP has blocked the account (e.g., suspicion of misuse,	Contact the Debtor for alternative account/ solution to pay.

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[1] The Creditor PSP can take such actions on behalf of the Creditor when agreed.

Code	ISO definition	Reason specified in the Rulebook	Type of R-trans.	Exhaustive list of use-cases	Possible root cause	Suggested Creditor action[1]
					request from the Debtor).	
AC13	Invalid Debtor Account Type	Debtor account is a consumer account. *(For SDD B2B collections only)*	Reject, Return.	SDD B2B collection presented to a payment account whereby the Debtor account holder is a consumer or the payment account type is designed to consumers only.	• Debtor (consumer) was not aware that the signing of a B2B mandate is restricted to non-consumers; • Payment account type does not allow/ support the debiting of SDD B2B collections; • Debtor gave information of a wrong payment account.	• Contact the Debtor for clarification and to agree on another means of payment; • Conclude SDD Core mandate with Debtor.
AG01	Transaction Forbidden	Direct Debit forbidden on this account for regulatory reasons.	Reject, Return.	A SDD collection cannot be booked from this type of account (account not allowed for direct debit for regulatory reasons e.g., savings account). **Important note: AG01 cannot be used in the situation of an SDD B2B collection presented to a Debtor account that is a consumer account. The code AC13 needs to be used.**	Debtor gave information of an account which SDD collections cannot be booked from.	Contact the Debtor in order to agree on another payment account to be used or another payment instrument.
AG02	Invalid Bank Operation Code	Operation code/ transaction code/ sequence type	Reject, Return.	• Recurrent after a one-off; • One-off after a recurrent;	Creditor: Technical error or error due to the process of	Correct the wrong information.

Code	ISO definition	Reason specified in the Rulebook	Type of R-trans.	Exhaustive list of use-cases	Possible root cause	Suggested Creditor action[1]
		incorrect, invalid file format.		• Identification code of the scheme (i.e. service level or local instrument) specified in the message is incorrect.	the collection or file (sequence type).	
AM04	Insufficient Funds	Insufficient funds.	Reject, Return.	There are not enough funds on the Debtor account to debit the full amount of the collection. **Note: This code cannot be used in certain SEPA countries for reasons of data protection. MS03 could be used as an alternative.**	• Debtor: Insufficient funds on his account; • Creditor: Lack of or late pre-notification announcing the upcoming SDD collection (date and amount).	Contact the Debtor to ensure that the Debtor provides funds on his account.
AM05	Duplication	Duplicate collection.	Reject, Return, Reversal.	CSM or Debtor PSP considers that an identical SDD collection had been sent or processed very recently.	Creditor/ Creditor PSP: Technical or human error.	Check if the collection is really duplicated.
BE05	Unrecognised Initiating Party	Identifier of the Creditor Incorrect.	Reject, Return.	Creditor Identifier (CI) is not correct or has been changed without an amendment been reported.	Creditor: Technical error or omission to report a CI amendment.	Correct the CI.
CNOR	Creditor Bank Is Not Registered	Creditor PSP is not registered under this BIC in the CSM.	Reject.	Creditor PSP is not/ no longer registered as a SDD scheme participant under this BIC at the CSM.	Creditor PSP is not/ no longer declared as (indirect) participant to this CSM.	Contact the Creditor PSP.
DNOR	Debtor Bank Is Not Registered	Debtor PSP is not registered under this BIC in the CSM.	Reject.	Debtor PSP is not/ no longer registered as a SDD scheme participant under this BIC at the CSM.	Creditor PSP/ Creditor: Reachability of the Debtor PSP was not checked.	• Ask the Creditor PSP for checking the reachability

Code	ISO definition	Reason specified in the Rulebook	Type of R-trans.	Exhaustive list of use-cases	Possible root cause	Suggested Creditor action[1]
						of the Debtor PSP; • Contact Debtor to agree on another means of payment.
ED05	Settlement Failed	Settlement of the collection failed	Reject.	The Debtor PSP or the CSM must report a settlement failure.	The inter-PSP SDD funding facilities of the Debtor PSP are insufficient to settle this transaction.	Action depends on the SLA between the Debtor PSP and the CSM.
FF01	Invalid File Format	Invalid file format.	Reject.	Issues with XML-file specific settings: • XML file was not duly filled out or is not correct; • There is a syntax error in the file; • Creditor PSP, its intermediary PSP or the CSM did not complete a XSD check before submitting the file into the scheme.	• Creditor; • Creditor PSP; • CSM.	Repair the XML file.
MD01	No Mandate	No valid mandate; *(For SDD Core collections only)* No mandate or unable to obtain mandate	Reject, Return, Refund.	• No mandate is existing; • B2B mandate not yet confirmed by the Debtor; • Refund for an unauthorised transaction (until 13 months after debit date) *(For SDD Core collections only)*;	• Debtor PSP has cancelled the mandate under the rule of the 36 months inactivity period; • Debtor PSP was unable to obtain B2B mandate	• Analyse the characteristics of the SDD collection; • Contact the Debtor in case of Refund.

Code	ISO definition	Reason specified in the Rulebook	Type of R-trans.	Exhaustive list of use-cases	Possible root cause	Suggested Creditor action[1]
		<mark>confirmation from the Debtor;</mark> <mark>*(For SDD B2B collections only)*</mark> <mark>Unauthorised transaction.</mark> <mark>*(For Refunds of SDD Core collections only)*</mark>		• Mandate cancellation.	confirmation from the Debtor; • Debtor has cancelled his mandate; • Debtor had not confirmed yet the B2B mandate to the Debtor PSP; • Creditor: • Did not use a Unique Mandate Reference (UMR); • Provided an SDD collection with a UMR which was not consistent with the mandate information.	
MD02	Missing Mandatory Mandate Information in Mandate	Mandate data missing or incorrect.	Reject.	• Mandate data in the mandate related information is not identical to those in the mandate (amendments had not been communicated); • Mandate data not consistent with version already received for the UMR; • In case of mandate amendment: the original IBAN	• The way to amend the mandate is not in compliance with the SDD rulebook; • The amended information is not correct.	Repair the way to amend the mandate information or the amended information.

Code	ISO definition	Reason specified in the Rulebook	Type of R-trans.	Exhaustive list of use-cases	Possible root cause	Suggested Creditor action[1]
				and the IBAN in the collection are the same.		
MD06	Refund Request By End Customer	Disputed authorized transaction. _**(For SDD Core collections only)**_	Refund.	Unconditional Refund of a collection (SDD Core – until 8 weeks after debit date).	• Discrepancy between the amount announced in the pre-notification and the amount of the SDD Core collection; • Unconditional Refund right under the Payment Services Directive (PSD).	Contact the Debtor.
MD07	End Customer Deceased	Debtor Deceased.	Reject, Return.	Debtor deceased. **Note: This code cannot be used in certain SEPA countries for reasons of data protection. In this case MS03 can be used as alternative.**		Close the agreement with deceased Debtor.
MS02	Not Specified Reason Customer Generated	Refusal by the Debtor.	Reject, Return, Reversal, Refusal.	Refusal by Debtor at presentation.	Debtor receiving the pre-notification decided to refuse the collection.	Contact the Debtor.
MS03	Not Specified Reason Agent Generated	Reason not specified.	Reject, Return, Reversal.	Only to be used in case national legislation (e.g., data protection laws) does not allow the use of AC04, AM04, MD07, RR01, RR02, RR03 and RR04. **Note: limit the use of the reason code MS03 and select the**		Contact the Debtor.

Code	ISO definition	Reason specified in the Rulebook	Type of R-trans.	Exhaustive list of use-cases	Possible root cause	Suggested Creditor action[1]
				appropriate reason code in the list.		
RC01	Bank Identifier Incorrect	PSP identifier incorrect (i.e. invalid BIC).	Reject, Return.	BIC of the scheme participant is not correct.	• Creditor: the provided BIC for a non-EEA SEPA SDD collection is not complete (BIC8 instead of BIC11); • Creditor PSP, CSM or Debtor PSP: the provided BIC in the inter-PSP message does not exist in the BIC database.	• Contact the Debtor for the correct BIC for a non-EEA SDD collection; • Ask Creditor PSP to allocate the correct and complete BIC of the Debtor PSP in the inter-PSP message.
RR01	Missing Debtor Account Or Identification	Regulatory Reason.	Reject, Return.	Missing details about the Debtor account or identification. **Note: This code cannot be used in certain SEPA countries for reasons of data protection. MS03 could be used as an alternative.**	Specification of the Debtor's IBAN or unique identification needed for reasons of regulatory requirements is insufficient or missing.	• Repair the SDD collection in order to complete the Debtor account information; • Contact the Creditor PSP.
RR02	Missing Debtor Name Or Address	Regulatory Reason.	Reject, Return.	Missing Debtor name (address is optional field for EEA SDD collections); Missing address of the Debtor for non-EEA SDD collections.	Specification of the Debtor's name and/or address needed for regulatory requirements is insufficient or missing.	• Repair the SDD collection in order to complete the Debtor name

Code	ISO definition	Reason specified in the Rulebook	Type of R-trans.	Exhaustive list of use-cases	Possible root cause	Suggested Creditor action[1]
				Note: This code cannot be used in certain SEPA countries for reasons of data protection. MS03 could be used as an alternative.		and/or address information; • Contact the Creditor PSP.
RR03	Missing Creditor Name Or Address	Regulatory Reason.	Reject, Return.	Missing Creditor name (address is an optional field). **Note: This code cannot be used in certain SEPA countries for reasons of data protection. MS03 could be used as an alternative.**	Specification of the Creditor's name needed for regulatory requirements is insufficient or missing.	• Repair the SDD collection in order to complete the Creditor name; • Contact the Creditor PSP.
RR04	Regulatory Reason	Regulatory Reason.	Reject, Return.	Only to be used for regulatory reasons other than RR01, RR02 or RR03. **Note: This code cannot be used in certain SEPA countries for reasons of data protection. MS03 could be used as an alternative.**		Contact the Creditor PSP.
SL01	Specific Service Offered By Debtor Agent	Due to specific service offered by the Debtor PSP.	Reject, Return.	All Debtor-invoked consumer-right rejects: • Creditor blocking; • Collection amount limitations; • Collection frequency limitations. Other services offered by the Debtor PSP.		Contact the Debtor.