Paysafe SEPA Direct Debit
Merchant Guide

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SEPA Direct Debit

Overview

The SEPA (Single Euro Payments Area) Direct Debit scheme is a pan-European scheme for merchants to collect Direct Debit payments from customers/merchants. The customers/merchants identify their bank accounts by supplying the IBAN and BIC, which are accepted by all banks in the SEPA region. SEPA Direct Debit transactions are always submitted and processed in Euros.

Three SEPA schemes

⚠️ ***Paysafe does not currently support the SEPA B2B or SCT schemes.***

There are three SEPA schemes, and each scheme has its own functionality:

- SEPA Direct Debit Core Scheme (SDD Core) – This scheme allows merchants to process debits from **customer** bank accounts.

- SEPA Direct Debit Business to Business Scheme (SDD B2B) – This scheme allows merchants to process debits from **merchant** bank accounts.

- SEPA Credit Transfer (SCT) – This allows merchants to process credits to customer and/or merchant bank accounts.

SEPA scheme limits

Each SEPA scheme has its own transaction and batch limits. These limits are listed in the following table.

Table 1-1: SEPA Scheme Limits

Scheme	Max Amount per Transaction
SDD Core	• 1500 EUR

Protecting the customer

The SEPA Core scheme has established measures to protect customers who are paying with Direct Debit.

- A customer can request a refund for a Direct Debit transaction up to 8 weeks from the transaction date. During this time, the customer is not required to supply a reason for not honoring the Direct Debit, and the merchant has no avenue to contest the reversal. Note that the refund comes directly from the customer's bank, and not from the merchant, who will later be debited by the bank.

- If a customer suspects an unauthorized Direct Debit was processed against their account, they can file an "unauthorized Debit" complaint with their bank up to 13 months from the transaction date. The bank then has to request from the merchant a copy of the mandate that was agreed to by the customer. If the merchant cannot provide the mandate copy, the customer's bank will reverse the Direct Debit and credit the customer's bank account.

Paysafe recommends that merchants keep a paper copy of mandates signed by the customer, and any electronic document the customer agreed to, for up to 13 months from the date of the last transaction performed on the mandate. In most cases the customer's bank will not request the mandate before initiating a return.

Pre-notifications

What is a pre-notification?

Merchants who use SEPA Direct Debit to charge their customers must send the payer a notification ahead of each debit out of the their bank account. This pre-notification can be delivered electronically.

Pre-notification contents

The pre-notification must contain the elements in the following table.

Table 1-2: Required Pre-notification Fields

Element	Description
Creditor ID	For Paysafe merchants this will always be: NL95ZZZ999999991458
Mandate Reference	This is the same mandate reference that was used to submit the Direct Debit transaction.
Amount	This is the amount that will be deducted from the payer's bank account.
Due Date	This is the date on which the amount will be deducted from the payer's bank account.

Here is an example of a typical pre-notification.

```
Dear Customer,

Gym Subscription dated 15 January 2016

Acme Gym will debit 70.00 euros via SEPA Direct Debit under mandate
NL95ZZZ999999991458-acmegym01 with the creditor identifier NL95ZZZ999999991458
from your account with the IBAN DEXX500400001234567890 at on the 15th of each
month, starting on 15 February 2016. If the due date falls on a weekend or a bank
holiday, the due date will move to the next banking day.

Sincerely

Acme Gym Merchant Services
```

Sending pre-notifications

The merchant can decide how they want to send pre-notifications. Acceptable methods include the following:

• Communicate it to the payer on the merchant's website after the order is completed.

• Send it by email, text message, fax, or PDF attachment.

• Send it by letter, contract, or invoice.

💡 *You must re-send the pre-notification if there has been any change to the due date or amount of the charge to the payer.*

Pre-notification absence

The mandate between the merchant and the payer is the only piece of information required for Paysafe to process a SEPA Direct Debit transaction. Therefore, technically, the transaction will be processed even if the payer is not notified.

The SEPA rule book for the Core Scheme, however, requires that the customer be pre-notified of each Direct Debit that will be processed against their bank account. Without this pre-notification, the customer has an avenue to claim an unauthorized Direct Debit against their account, and receive a refund from their bank, at which point the merchant's account will be debited.

See *http://www.europeanpaymentscouncil.eu/index.cfm/sepa-direct-debit/sepa-direct-debit-core-scheme-sdd-core/* for details.

💡 *It is in the merchant's best interest to provide a pre-notification, as it reminds the payer to ensure there is sufficient balance in their bank account to cover the coming transaction amount.*

Multiple customers

In cases where more than one person is the customer – for example, a family gym membership – the merchant must send a pre-notification to the person who is the holder of the bank account that will be debited.

The SEPA Direct Debit Mandate

The Direct Debit mandate constitutes the agreement between the payee and the payer (merchant/customer for the Core scheme). Its format is not defined, but it has mandatory content.

A SEPA Direct Debit mandate may be in the form of either a paper mandate with the original signature of the customer, or an electronic document that has been prepared and signed in a secure environment, e.g., via check box or electronic signature.

Regardless of the form the mandate takes, it must include the required components. It must always be signed by the payer, i.e., the end customer, or by a legal representative of the payer. The merchant may allow the payer to complete an electronic mandate, including the use of an electronic signature.

💡 *The merchant has the option of updating a mandate without having to create a completely new one – e.g., when updating a monthly fee.*

SEPA mandate components

Each SEPA Direct Debit mandate may be composed of several elements, of which some are obligatory while others are optional. The following table provides an overview.

Table 1-3: SEPA Mandate Components

Component	Description	Requirement
Title	This should be "SEPA Direct Debit Mandate".	Mandatory

Table 1-3: SEPA Mandate Components (Continued)

Component	Description	Requirement
Contract or invoice number	This is the merchant's invoice or contract number they want to use in communicating with the payer (e.g., Subscriber 123).	Optional
Creditor ID	For Paysafe merchants this will always be: NL95ZZZ999999991458	Mandatory
Mandate reference	The Direct Debit mandate reference number is a free-text field of up to 35 characters. For example: NL95ZZZ999999991458-merch1-trans1	Optional
BIC and IBAN of the payer	This is the Bank Identifier Code and the International Bank Account Number of the payer's bank account.	Mandatory
Name and address of the payer	This is the payer's name and address.	Mandatory
Name and address of the payee	This is the merchant's name and address.	Mandatory
Place and date signed	This is the place and the date the mandate was signed. For electronic mandates, the place is the website on which it is signed.	Mandatory
Signature(s)	This is the signature of the payer, from whose account the transactions will be debited.	Mandatory
Payment terms	These are the payment terms agreed to in the mandate. For example, as seen in the *Pre-notification contents* on page 2: "Acme Gym will debit your account 70.00 euros monthly on the 15th of every month, starting Feb 15th 2017".	Mandatory

The Direct Debit mandate must be presented in the payer's language when possible, or in English, which is the official language of SEPA.

Mandate examples

The SEPA Direct Debit mandate can take many forms, so long as it contains the mandatory components as described in Table 3: *SEPA Mandate Components*. Here are three examples of widely different yet valid mandates.

Paysafe:

Core scheme mandate example 1

Core scheme mandate example 2

Core scheme mandate example 3

SEPA mandate lifespan

The SEPA Direct Debit mandate is valid until it is revoked by the payer. However, a mandate will expire automatically if it has been dormant for 36 months (i.e., no debit has been processed against it).

Updating a SEPA mandate

When a payer changes their payment information (e.g., they closed their bank account and need to switch their Direct Debit billing to use another account), the merchant may keep debiting against the same mandate reference ID, but will have to submit a mandate update request in order to store new payment information against the mandate.

See the *Paysafe API Reference Guide for Web Services* for details on how to make mandate update requests.

Cancelling a SEPA mandate

Merchants may cancel a mandate, either pro-actively or at a payer's request, by sending a change status request.

Please note that Direct Debit charges that have already been sent to Paysafe will get processed and debited from the payer's account. Only future Direct Debit transactions will be stopped and rejected.

See the *Paysafe API Reference Guide for Web Services* for details on how to use a change status request to cancel a mandate.

Transaction statuses

SEPA transactions can have a variety of statuses:

• Waiting – The bank is completing its checks on the request.

• Completed – The transaction has reached its due date. Transactions in Completed status are considered as settled successfully and Paysafe recommends not shipping goods or providing service until the transaction has this status.

• Returned – The payer's bank rejected the transaction.

There are various scenarios that can cause a SEPA transaction to not complete processing.

Table 1-4: SEPA Transaction Failure Scenarios

Scenario	Description	Applicable for SEPA Scheme
Rejected	The transaction is rejected by the bank, prior to the due date, because of incorrect data being submitted (e.g., the IBAN does not exist).	• SDD Core
Refusal	A payer contacted their bank and instructed them to refuse the Direct Debit charge to their account. This can occur as late as 1 day before the due date.	• SDD Core
Reversal	The merchant initiated a request for refund, submitted within 5 days of due date.	• SDD Core

Execution dates

The *txnDate* element is used to specify the future desired execution date. Transactions are submitted a minimum of 3 business days in the future.

- The Direct Debit transaction will remain in W (Pending) status until 3 days before the desired execution date (specified by the *txnDate*), at which time it will be batched to the bank.

- If the *txnDate* that is specified is not far enough in the future (i.e., 3 business days), the expected execution date will be changed to the soonest possible date and reported to the merchant in the transaction response.

- The Direct Debit transaction will remain at W (Pending) status until the execution date, at which point it will be changed to C (Completed) status and the transactions and fees will be posted to the merchant's account.

- The clearing date will be based on a set number of business days after the execution date. This is the date at which we assume that the Direct Debit transaction is successful if no returns have been received in the interim.

The execution date is the date at which the Direct Debit transaction is initiated. The clearing date is the date at which the funds clear from the customer's bank and are posted to the merchant's account.

Settlement time lines

SDD Core

The Direct Debit transaction is presented to the bank 3 business days ahead of the due date. If there is nothing technically wrong with the transaction the bank then passes the request to the customer's bank on the due date. The customer's bank verifies, among other items, that:

- The bank account is not blocked for Direct Debit

- The balance is sufficient to cover the transaction

- The customer is authorized to debit this account

The customer's bank has up to 5 business days from the due date to complete these checks and process the Direct Debit request.

The following calendar depicts the timing of SEPA Core Direct Debit events:

Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
1	2	3	4	5	6	7
8	9	10	11 Notify customer of an upcoming Direct Debit (14 days in advance)	12	13	14
15	16	17	18	19	20	21
22	23 Submit transaction to Paysafe (3 business days ahead of Due Date)	24	25 Due date for Debit Transaction – Customer's bank settles the transaction to Paysafe	26	27	28
29	30	1	2	3	4	5