

THE LITTLE BACS GUIDE TO **BECOMING A USER OF DIRECT DEBIT**

The essential guide for organisations wishing to collect payments by Direct Debit, outlining the different options available to becoming a user

INTRODUCTION

A Direct Debit is an instruction from a customer to their payment service provider (PSP) authorising an organisation to collect varying amounts from their account, so long as the customer has been given advance notice of the collection amounts and dates.

Direct Debit can make your organisation's payment collection process more efficient, manageable and cost efficient.


There are three different ways organisations can take advantage of using Direct Debit. The method that is most appropriate for your organisation is likely to be driven by the volume of the transactions involved and the level of sophistication of processes you wish to use.

The three ways are:

- 1 Becoming a direct submitter
- 2 Becoming an indirect submitter (using a bureau), or,
- 3 Using a third-party managed service (a facilities management (FM) provider).



OPTIONS FOR BECOMING A USER OF THE DIRECT DEBIT SERVICE

Options	1 Become a direct submitter	2 Become an indirect submitter	3 Use a third-party managed service
The submitter	Your organisation	Bacs approved bureau	Bacs accredited facilities management (FM) provider
Key features of the option	<ul style="list-style-type: none">• Your organisation will need to be sponsored to use Direct Debit by a Bacs participant PSP• Your organisation is likely to undertake all of the key activities involved, from getting authority from payers, maintaining the required records, preparing files of payments to be collected and submitting them directly to the Bacs Payment System	<ul style="list-style-type: none">• Your organisation will need to be sponsored to use Direct Debit by a Bacs participant PSP• At least the final part of the process (the submission of the files to the Bacs Payment System), is undertaken on behalf of your organisation by a third-party organisation - a PSP or a commercial bureau• The level of the activities undertaken on behalf of an organisation by a bureau can vary and will be subject to individual contractual agreements between your organisation and the bureau	<ul style="list-style-type: none">• An FM provider is an organisation with responsibility for all aspects of the Direct Debit process and will forward collected funds to your organisation (known as the FM client)
	Find out more 	Find out more 	Find out more 

APPLYING TO BE SPONSORED TO USE DIRECT DEBIT

If your organisation wishes to become either a direct submitter (option 1) or an indirect submitter (option 2) then you will need to be sponsored to use Direct Debit by a Bacs participant PSP.

There are a number of factors a PSP will consider when deciding whether to sponsor your organisation to use Direct Debit. These will include a credit check given there are certain risks and liabilities associated with using Direct Debit.

The process each PSP uses to reach its decision will vary although the following section gives details of what will be included.

Your sponsoring PSP will provide support and seek to ensure you adhere to the rules relating to the operation of Direct Debit throughout the process from day one, during your adoption and subsequently in your operation of Direct Debit.

1 BECOMING A DIRECT SUBMITTER

Connecting to the Bacs Payment System to make payment submissions

Submitting (making Direct Debit collections from payers) directly to the Bacs Payment System is easy, quick and secure through Bacstel-IP.

Bacstel-IP is the delivery channel which gives organisations secure online access to the Bacs Payment System. It is a multi-layered, highly advanced, online submission channel and one of the largest Public Key Infrastructure (PKI) communities in the world. It provides organisations with a fast, secure service for submitting, tracking and viewing payment files at any time, from anywhere, as well as the ability to collect messaging reports.

You can connect to Bacstel-IP across two connection types:

1. The internet, or,
2. A fixed extranet.

Simply choose the most appropriate for your business.

Your PSP will aid you in making your choice by explaining more about each of these options if required.

Viewing information about your payment submissions to the Bacs Payment System

The Bacs Payment Services website (PSW) is a secure website where you can access information about your payment submissions to the Bacs Payment System. Via PSW you can view your organisations submission history, access messaging reports and maintain details of your organisation and its contacts.

Messaging reports contain messaging advices to advise users of the Bacs Payment System (service users) of information relating to payments sent via the Bacs Payment System.

This information might, for example, relate to notification that an attempt to collect a Direct Debit has failed and why the failure occurred.

Each working day any new messaging reports are made available to service users. They may, depending upon how your organisations Direct Debit systems are set up, be either downloaded manually from PSW or processed via your Direct Debit software.

It is essential that messaging reports are regularly collected and any advices are acted upon to ensure, for example, that the reason a Direct Debit failed does not reoccur.

PSW also contains details of the primary security contacts (PSCs) and additional security contacts

(ACs) for your organisation. These are the people in your organisation we get in touch with about matters such as rules changes, operational information and compliance issues. Some / all of these contacts may also be set up to receive automated email notifications of when messaging reports become available. So it is vital their details are kept up-to-date to ensure no important communications, including messaging report notifications, are missed.

If you are using PSW your sponsoring PSP will advise you of the URL and your login credentials.

STEPS TO BECOMING A DIRECT SUBMITTER

The process each PSP uses to reach its decision about whether to sponsor an organisation to use Direct Debit will vary although the following section gives details of what will be covered.

Steps	Notes
Selecting a sponsoring PSP	A list of PSPs can be found at www.bacs.co.uk
Selecting a software solution provider	A list of approved software providers can be found at www.bacs.co.uk
Completing your chosen PSPs direct submitter application form(s)	These will vary for each PSP
Discussing how your organisation would like to be registered on the Bacs Payment System	Your organisation's registered name is the way it is listed on the Bacs Payment System. Your sponsoring PSP will advise us and all sponsoring PSPs of this
Getting PKI smartcards and smartcard readers	These will be provided by your sponsoring PSP
Obtaining a service user number (SUN)	This will be provided by your sponsoring PSP
Working with your approved software provider to enable your organisation to use the Bacs Payment System	Exact arrangements will vary from one organisation to another. Your software provider and / or your sponsoring PSP will support you to develop the most appropriate set up to meet your organisations requirements
Making sure all appropriate staff in your organisation have access to the Payment Services Website (PSW)	This website will enable you to view your organisations submission history, access messaging reports and maintain details of your organisation and its contacts Your sponsoring PSP will provide you with the URL and login credentials for the site
Making sure all appropriate staff in your organisation have access to the password protected area of www.bacs.co.uk	This website contains important operational instructions and best practice information about using the Bacs Payment System
Discussing with your sponsoring PSP what technical documentation you need to access	Much of this will be available from the password protected area of www.bacs.co.uk Some of the information is password protected. You will be able to subscribe for a password once you have been set up to use the Bacs Payment System Your sponsoring PSP will provide you with any further documentation you require

STEPS TO BECOMING A DIRECT SUBMITTER

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Steps	Notes
Reading, understanding and ensuring your organisation is able to comply with the contents of the Service Users Guide and Rules to the Direct Debit Scheme	This is available from www.bacs.co.uk/sugr This information is password protected. You will be able to access it once you have subscribed for a password for www.bacs.co.uk
Ensuring your staff successfully complete the mandatory service user training course – “ <i>The Essentials of using Bacs</i> ” before using the Bacs Payment System	Your sponsoring PSP will advise you when your staff should take this course and where to find it
Considering what other training your staff might require	Details of organisations offering additional Bacs accredited training courses can be found at www.bacs.co.uk
Submitting test files and transactions	Your sponsoring PSP will advise you how to do this and what test files and submissions criteria is required
Deciding on how your organisation expects to obtain authorities (known as Direct Debit Instructions (DDIs)) from your payers	Understanding this will help your organisation and your sponsoring PSP identify what documentation and scripts (for example, telephone scripts and / or internet scripts) are required
Producing the required collateral to support your Direct Debit process and getting it approved by your sponsoring PSP	This might include for example, a DDI, any communications to payers relating to Direct Debit, telephone scripts, internet screens A range of DDI templates together with downloadable Direct Debit logos and brand guidelines to help ensure you use the assets correctly are available at www.bacs.co.uk

STEPS TO BECOMING A DIRECT SUBMITTER

Continued...

Steps

Notes

Where Paperless Direct Debit (PDD) is to be used:
Making sure all appropriate staff successfully complete the mandatory training course – “*Paperless Direct Debit*”

Your sponsoring PSP will advise you when your staff should take this course and where to find it

Ensuring your organisation uses supporting tools such as EISCD and modulus checking

EISCD (Extended Industry Sort Code Directory) – enables checking to ensure the sort code provided by a payer exists and will accept Direct Debits

Modulus checking – validates the sort code and account number combination of any Direct Debit Instruction exists

Key websites

Bacs.co.uk for accessing operational information and best practice about the Direct Debit process

PSW for your organisations submission history, to access messaging reports and maintain details of your organisation and its contacts



2 BECOMING AN INDIRECT SUBMITTER – USING A BUREAU

Connecting to the Bacs Payment System

A number of the organisations using the Bacs Payment System are indirect submitters and make their payment submissions through Bacs approved bureaux rather than submitting their own files (making Direct Debit collections from payers) directly to the Bacs Payment System. Bacs bureau inspectors review the appropriateness of bureaux to ensure they meet the standards set by the Direct Debit rules.

If your organisation chooses to become an indirect submitter you may still need to interact with the Bacs Payment System to access reports and view the submission history relating to your organisation. This is quick, easy and secure to do via Bacstel-IP.

Firstly, your organisation needs to be registered on Bacstel-IP and then you must subscribe for a password and contact ID in order to gain access to the Bacs Payment Services Website (PSW)

Bacstel-IP is the delivery channel which gives organisations secure online access to the Bacs Payment System. It is a multi-layered, highly advanced, online submission channel and one of the largest Public Key Infrastructure (PKI) communities in the world. It provides organisations with a fast, secure service for collecting reports at any time, from anywhere.

Viewing information about your payment submissions to the Bacs Payment System

Depending upon your agreement with your bureaux they may carry out some of these tasks on your behalf.

The Bacs Payment Services Website (PSW) is a secure website where you can access information about your payment submissions to the Bacs Payment System. Via PSW you can view your organisations submission history, access messaging reports and maintain details of your organisation and its contacts.

Messaging reports contain messaging advices to advise users of the Bacs Payment System (service users) of information relating to payments sent via the Bacs Payment System.

This information might, for example, relate to notification that an attempt to collect a Direct Debit has failed and why the failure occurred.

Each working day any new messaging reports are made available to service users. They may, depending upon how your organisations Direct Debit systems are set up, be either downloaded manually from PSW or processed via your bureau's Direct Debit software.

It is essential that messaging reports are regularly collected and any advices are acted upon to ensure, for example, that the reason a Direct Debit failed does not reoccur.

PSW also contains details of the primary security contacts (PSCs) and additional security contacts (ACs) for your organisation. These are the people in your organisation / at your bureau we get in touch with about matters such as Direct Debit rules changes, operational information and compliance issues. Some / all of these contacts may also be set up to receive automated email notifications of when messaging reports become available. So it is vital their details are kept up-to-date to ensure no important communications, including messaging report notifications, are missed.

If you are using PSW your sponsoring PSP will advise you of the URL and your login credentials.

STEPS TO BECOMING AN INDIRECT SUBMITTER

The process each PSP uses to reach its decision about whether to sponsor an organisation to use Direct Debit will vary although the following section gives details of what will be covered.

Steps	Notes
Selecting a sponsoring PSP	A list of PSPs can be found at www.bacs.co.uk
Selecting a bureau and agreeing what tasks will be undertaken by each party	<p>A list of approved bureaux can be found on www.bacs.co.uk</p> <p>Bureaux offer a range of services and your organisation must be clear which ones it will undertake and which ones the bureau will fulfil. Whatever the agreed arrangements are it is your organisation that is ultimately responsible for your own actions and those of your appointed bureau</p> <p>You should enter into an agreement to determine which tasks your organisation will carry out and which ones the bureau will provide together with any service level agreements (SLAs) for their delivery. The contractual relationship between your organisation and your bureau is outside the scope of the Direct Debit Guide and Rules</p>
Completing your PSPs indirect submitter application form(s)	These will vary for each PSP
Discussing how your organisation would like to be registered on the Bacs Payment System	Your organisation's registered name is listed for it on the Bacs Payment System. Your sponsoring PSP will advise us and all sponsoring PSPs of this
Getting PKI smartcards and smartcard readers (if required)	<p>This requirement will be impacted by the agreement with your chosen bureau when identifying who carries out which tasks together with any SLAs</p> <p>If required by your organisation these can be obtained from your sponsoring PSP</p>
Obtaining a service user number (SUN)	This will be provided by your sponsoring PSP
Making sure all appropriate staff in your organisation have access to the Payment Services Website (PSW)	<p>This website will enable you to view your organisations submission history, access messaging reports and maintain details of your organisation and its contacts</p> <p>Your sponsoring PSP will provide you with the URL and login credentials for the site</p>

STEPS TO BECOMING AN INDIRECT SUBMITTER

Continued...

Steps	Notes
Making sure all appropriate staff in your organisation have access to the password protected area of www.bacs.co.uk	This website contains important operational instructions and best practice information about using the Bacs Payment System Some of the information is password protected. You will be able to subscribe for a password once you have been set up to use the Bacs Payment System
Reading, understanding and ensuring your organisation is able to comply with the contents of the Service Users Guide and Rules to the Direct Debit Scheme	This is available from www.bacs.co.uk/sugr This information is password protected. You will be able to access once you have subscribed for a password for www.bacs.co.uk
Ensuring your staff successfully complete the mandatory service user training course – <i>the Essentials of using Bacs</i> before using the Bacs Payment System	Your sponsoring PSP will advise you when your staff should take this course and where to find it
Considering what other training your staff might require	Details of organisations offering additional Bacs accredited training courses can be found on www.bacs.co.uk
Deciding on how your organisation expects to obtain authorities (known as Direct Debit Instructions (DDIs)) from your payers	Understanding this will help your organisation and your sponsoring PSP identify what documentation and scripts (for example, telephone scripts and / or internet scripts) are required
Producing the required collateral to support your Direct Debit process and getting it approved by your sponsoring PSP	This might include for example, a DDI, any communications to payers relating to Direct Debit, telephone scripts, internet screens A range of DDI templates together with downloadable Direct Debit logos and brand guidelines to help ensure you use the assets correctly are available at www.bacs.co.uk

STEPS TO BECOMING AN INDIRECT SUBMITTER

Continued...

Steps

Where PDD is to be used:
Making sure all appropriate staff successfully complete the mandatory training course – *“Paperless Direct Debit”*

Notes

Your sponsoring PSP will advise you when your staff should take this course and where to find it

Key websites

Bacs.co.uk for accessing operational information and best practice about the Direct Debit process

PSW for your organisations submission history, to access messaging reports and maintain details of your organisation and its contacts



3 USING A THIRD-PARTY MANAGED SERVICE

Connecting to the Bacs Payment System

Facilities management (FM) is a service whereby an organisation will collect and / or administer Direct Debits on behalf of its clients. This organisation (known as the FM provider) will act as a service user for those businesses that do not have their own service user number (SUN). This enables businesses to access this payment method without requiring sponsorship to use Direct Debit by a PSP.

Bacs accredits commercial FM providers to ensure they meet the appropriate standards.

Steps

Notes

Selecting an FM provider and agreeing what tasks will be undertaken by them

A list of accredited commercial FM providers can be found on the Bacs website - www.bacs.co.uk

Entering into a contractual relationship with the FM provider

Your organisation should enter into an agreement to determine what activities the FM provider will undertake together with any service level agreements (SLAs) for delivery. This is likely to include details about how Direct Debit collections will be managed, such as when and how the proceeds of Direct Debit collections will be paid to your organisation, as well as how any unpaid Direct Debits and / or indemnity claims will be handled.

The contractual relationship is between your organisation and your FM provider and is outside the scope of the Direct Debit rules

BEST PRACTICE GUIDANCE TO HELP YOU AVOID SOME COMMON PITFALLS

1

Take your time – understand every step [direct submitters, indirect submitters, third-party managed user]

Whichever of the three options you choose as your route to becoming a user of Direct Debit it's important you select the option that is best for your organisation.

If you require any further advice or information about any of the options talk to your PSP before making your final decision.

2

Consider cover for when key staff aren't available [direct submitters, indirect submitters]

Ensure you have all of your Direct Debit processes covered when key staff are on holiday or absent for some other reason.

These will vary depending upon what type of user of Direct Debit your organisation is, as well as the individual processes and procedures for your organisation, but may include ensuring someone is available to: submit files to collect reports or update your organisations contact details.

So check all staff who cover processes in such instances are fully trained, have access to all appropriate websites (PSW and www.bacs.co.uk) and / or have smartcards.

BEST PRACTICE GUIDANCE TO HELP YOU AVOID SOME COMMON PITFALLS

3

Collecting reports [direct submitters, indirect submitters, third-party managed user]

It is vital your organisations Bacs Payment System messaging reports are collected and acted upon regularly either by your organisation or your bureau on your behalf.

- Direct submitters: you must ensure your messaging reports are collected and acted upon within the timescales outlined in the Direct Debit rules
- Indirect submitters: the level of the activities undertaken by your bureau on your behalf will vary from one organisation to another and will be subject to the individual contractual arrangements between your organisation and your bureau. However, it is important to remember that whatever the agreed arrangements are it is your organisation that is ultimately responsible for your own actions and those of your appointed bureau
- FM clients: it is the responsibility of your FM provider to collect and act on reports relating to your organisation.

4

Keeping your details up-to-date is crucial [direct submitters, indirect submitters]

It is essential the contact details of the primary security contacts (PSCs) and additional security contacts (ACs) for your organisation that are recorded on PSW are kept up-to-date. This information is used by us to get in touch with your organisation about matters such as Direct Debit rules changes, operational information and compliance issues. Some / all of these contacts may also be set up to receive automated email notifications of when messaging reports become available. So it is vital their details are kept up-to-date to ensure no important communications, including messaging report notifications, are missed.

If there are any amendments required due to changes of personnel, amendments to contact details such as new email addresses, your PSC should be able to make these on PSW. If the changes relate to a PSCs details contact your sponsoring PSP and request they apply the alterations on your behalf.

BEST PRACTICE GUIDANCE TO HELP YOU AVOID SOME COMMON PITFALLS

5

Recognise the difference between PSW and bacs.co.uk [direct submitters and indirect submitters]

These two websites, whilst they both play an important part in delivering the Bacs Payment System have very different roles to play, have different URLs and you will need different login credentials for each of them.

There is sometimes confusion between the two.

To clarify, www.bacs.co.uk contains operational information and best practice to enable users of Direct Debit and Bacs Direct Credit to effectively operate them and remain compliant, for example, the Service User's Guide and Rules to the Direct Debit Scheme. Some of the information

is password protected and users need to subscribe for a password to gain access to that information.

The PSW is a website where users can view the submissions history for their organisation, access messaging reports and maintain details of their organisation and its contacts. All of the content is password protected. Your sponsoring PSP will provide you with details of the URL and login credentials or a smartcard.

6

Make sure you're using the most up-to-date documentation [direct submitters and indirect submitters]

Ensure you are using the most up-to-date documentation by accessing the online versions from www.bacs.co.uk or the Direct Debit Guide and Rules microsite each time you need to reference something. Don't rely on old printed versions of documents.

We update our documentation and our microsite each time there is a change to rules - going online is the only sure way of knowing you are accessing the latest information. So ensure you are set up with access to the password protected area of www.bacs.co.uk

Further information

www.bacs.co.uk ➞

www.bacs.co.uk/collectingreports ➞

For helpful guides and a video to demonstrate the step-by-step process to collecting and actioning your reports

www.bacs.co.uk/sugr ➞

For the Service User's Guide and Rules to the Direct Debit Scheme

www.bacs.co.uk/littlebacsbook ➞

For essential advice to follow when using the Bacs service

<https://www.bacs.co.uk/bacstelipdirectsubmitters> ➞

For organisations submitting payment information directly to the Bacs service using Bacstel-IP

<https://www.bacs.co.uk/bacstelipindirectsubmitters> ➞

For organisations set up on Bacstel-IP that submit to the Bacs service using a bureau

https://www.bacs.co.uk/DocumentLibrary/Bacstel-IP_service_user_guide.pdf ➞

For information on how to use the Bacstel-IP service





Bacs is owned and operated by leading retail payments authority Pay.UK, the company responsible for Faster Payments and cheques, as well as related services such as mobile app Paym, the Current Account Switch Service, and many others.

For further information visit www.wearepay.uk

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