



Compliance Checklist

This checklist aims to assist Institutions in their application of the direct debit arrangements obligations under the Customer Owned Banking Code of Practice.

- Develop a direct debit compliance assessment questionnaire (see Appendix).
- Develop standard form for customers to complete when requesting to stop or cancel a direct debit arrangement.
- Review direct debit information included in the disclosure documents.
- Test search function (if available on website) to check if simple keyword searches on direct debit provide results.
- Test hyperlinks on the website to check if they are working and link to the correct documents.
- Ensure appropriate information is available for staff to understand the Institution's key obligations and processes required to stop or cancel a direct debit facility linked to a transaction account.
- Increase staff awareness regarding the impact of incorrect advice, particularly upon customers experiencing financial hardship.
- Conduct own shadow shopping to test compliance.

Appendix: Sample direct debit compliance assessment questions

Visibility and accessibility of information

1. What information is provided to customers about different direct debits and cancelling direct debits?
2. If customers are provided with information about direct debits, please advise how this is achieved (e.g. phone, letter, email) and how often information is provided to customers?
3. Are customer facing staff provided with scripts or FAQs to assist with inquiries regarding direct debits?

Policy and processes for stopping or cancelling a direct debit

1. Does a customer have the option of cancelling only one payment (suspension), rather than cancelling the direct debit authority?
2. If so, what is the process for this?
3. Does the customer need to complete a cancellation form?
4. If answered 'Yes' to 2, how can this form be provided to the customer, e.g. letter, email?
5. What information does a customer need to provide to the Institution for cancellation?
6. How much notice does the Institution require for cancellation?
7. In what circumstances are customers advised to contact the debit user?
8. What is the Institution's internal process for cancelling a direct debit?
9. Does the process vary according to whether the customer:
 - a. Has previously cancelled a direct debit to this user
 - b. Has a history of dishonoured direct debits, either with the same debit user or different debit users
 - c. Has other direct debits with the same debit user that the customer does not wish to cancel.
10. How long does it take for the cancellation to come in to affect?
11. Is the customer given receipt for the cancellation?
12. Is there a fee for cancellation?
13. Is the cancellation permanent?
14. Does the Institution have any formal or informal limits on the number of times a customer can cancel a direct debit?
15. Is a customer able to reactivate a direct debit directly with the Institution?
16. What Institution fees apply to direct debits and how are customers notified of these fees?
17. Do these fees vary according to the type of account?

Monitoring and compliance assessment

1. How does the Institution ensure that any subsequent request by the debit user under the cancelled direct debit authority is refused?

Staff training

1. What training do staff receive for cancelling Direct Debits?
2. Which staff receive Training?
3. What information or resources are available to staff about the cancellation of a direct debit?
4. Is it stand alone training or embedded in the content of other training modules?

Documentation

1. What policies and procedures relate to compliance with Section 20 of the Code?
2. Which training programs relate to compliance of Section 20 of the Code?
3. Does the Institution publish any information about Section 20 of the Code either for staff or the customers, including copies of information available online?