APPLYING A DIRECT DEBIT

Applying a direct debit

The code seeks to allow customers a certain timeframe to check their bills prior to their provider applying a direct debit to their account and the money being transferred.

To this end, clause 5.7.1(c) requires you to leave 10 working days from the day your customer can be assumed to have received your bill to the day that the money actually leaves their account (via direct debit). There are exceptions to this rule, i.e., you are not required to leave 10 working days prior to applying a direct debit if:

The charges for each billing period are always the same, i.e., you always bill the same amount, and you have agreed with your customer in your Terms and Conditions not to issue a bill.

OR

You have agreed with your customer not to leave 10 working days prior to applying a direct debit. However, please note that the ACMA takes the view that the Code requires an express agreement to deviate from the 10 working day rule, i.e., the inclusion of a shorter term in the Terms and Conditions of the service must also include an express reference to departing from the usually applicable 10 working days.

Furthermore, the recent addition of clause 5.7.1 (g) notes that if the amount of a direct debit is incorrect, you must either ensure that the customer receives a full and timely refund of any excess amount paid or undertake other appropriate action agreed to.