

TERMS AND CONDITIONS FOR PROCESSING PAYMENTS BY SEPA DIRECT DEBIT



Effective from 1 July 2024.

Československá obchodní banka, a. s., with its registered office at Radlická 333/150, 150 57 Prague 5, Organization ID No.: 00001350, incorporated in the Commercial Register maintained by the Municipal Court in Prague, Section B: XXXVI, Insert 46 (hereinafter referred to as "ČSOB") issues, in accordance with the Civil Code and the Payment System Act, these Terms and Conditions for Processing Payments by SEPA Direct Debit (hereinafter referred to as the "Conditions"), containing a set of provisions stipulating the principles for providing the service of SEPA direct debit, including the determination of assumptions and conditions that must be met on the part of the payer and the payee in order to have the possibility of using this method of processing payments in ČSOB.

These Conditions are binding for products and services provided by Československá obchodní banka, a. s., including the products and services provided under its trademark of ČSOB Poštovní spořitelna.

The wording of these Conditions have been written in Czech and English, both versions being deemed authentic. In the event of any conflict of interpretation between Czech and English translation of these Conditions, the original Czech version shall prevail.

I. IN GENERAL

1. SEPA Direct Debit (SDD):

is a non-cash direct debit in EUR made on the basis of a Direct Debit Order entered by the payee in accordance with a previous agreement that the payee concludes with the payer in order to be able to collect funds from the payer's account (so-called Mandate).

In processing this direct debit, ČSOB follows Regulation (EU) No. 260/2012 of the European Parliament and of the Council amending Regulation (EC) No. 924/2009, and the generally applicable Rules set out in the SEPA Rulebook (hereinafter referred to as the "SEPA Direct Debit Rules"), which are valid for all banks within the EU and must be complied with by banks of both payers and payees of SEPA Direct Debit.

SEPA Direct Debit allows to carry out direct debit transactions in EUR within EU/EEA Member States, or possibly also within other countries that become SEPA participants.

2. SEPA Direct Debit in ČSOB is governed by these Conditions, by the rules for SEPA Direct Debit and by the relevant terms and conditions for accounts and payments. In the event of a different wording of the terms and conditions for accounts and payments, these Terms and Conditions and the Rules SEPA Direct Debit Rules shall prevail.

3. Binding conditions for SEPA Direct Debit

- The payer's/payee's account number must be stated in the IBAN format;
- Currency of payment is EUR;
- Each SEPA Direct Debit payee must be assigned a SEPA Direct Debit Payee's Identification Code (CID);
- Valid Mandate.

II. PROVISION OF THE SEPA DIRECT DEBIT SERVICE IN ČSOB

4. ČSOB provides the SEPA Direct Debit service to the debit and credit of clients' payment accounts, namely in the payment schemes of the consumer SEPA Direct Debit (SDD CORE) and the SEPA Direct Debit between business entities (SDD B2B). The client is not legally entitled to be provided with this service.
5. ČSOB recommends using accounts in EUR for this service. In the event that the client uses an account in another currency for SEPA Direct Debit, ČSOB performs the conversion according to the ČSOB exchange rate list valid at the time of the transaction. The client acknowledges any exchange rate differences that will be debited or credited to their account in the event of a return or cancellation of the direct debit. The procedure for determining the conversion rate as well as the individual exchange rate in the case of exchange rate conversions is set out in the current version of the relevant terms and conditions for accounts and payments, in the provision set out under section "Exchange transactions".

6. As part of the establishment of the SEPA Direct Debit service, ČSOB is entitled to request a Mandate and to assess the selection of a suitable payment scheme (SDD CORE or SDD B2B).
7. ČSOB is entitled to obtain all information it deems necessary to decide on the provision of the SEPA Direct Debit service to a ČSOB client – both the payer and the payee. In the event that ČSOB finds deficiencies in the assessment of this information, it is entitled not to provide the client with the SEPA Direct Debit service.
8. ČSOB is entitled not to carry out SEPA Direct Debit which is associated with the risk of money laundering or financing of terrorism, or when there is a suspicion that the payer/payee is subject to international sanctions or that this person is on the list of sanctioned entities.

III. SEPA DIRECT DEBIT – PAYER (DEBTOR) AND PAYEE (CREDITOR)

A. Client – payer

The payer can be both a citizen or a business entity. In the case of providing the SEPA Direct Debit service, payments are sent from the payer's account on the basis of the SEPA Direct Debit authorisation granted by the payer (debtor) in accordance with the SEPA Direct Debit orders received from the payee (creditor).

9. SEPA Direct Debit authorisation

ČSOB shall perform SEPA Direct Debit on the payer's account (i.e. debit the amount of the direct debit from the payer's account) only on the basis of the SEPA Direct Debit Authorisation form authorised by the payer:

- The payer may authorise the SEPA Direct Debit authorisation on both paper and electronic forms by signing according to the specimen signature, or by another contractually agreed or ČSOB-specified method of authorisation. When entering SEPA Direct Debit authorisation, the client is obliged to follow the instructions stated on the relevant form (including explanations), in the Internet banking, or at www.csob.cz, and to fill in all data marked as mandatory.
- SEPA Direct Debit shall be carried out from the payer's account only if the payer authorises the specific SEPA Direct Debit Authorization, otherwise their account shall be maintained as unauthorised for SEPA Direct Debit and ČSOB shall not perform SEPA Direct Debit from the payer's account.

10. The client may submit the authorised SEPA Direct Debit Authorisation, its change or cancellation to ČSOB in both paper and electronic form.

- a) in paper form: during the opening hours of ČSOB branches, no later than 2 working days before the effective date of this Authorisation;
- b) in electronic form: 1 calendar day before the effective date of this Authorisation.

The change can be made on the SEPA Direct Debit Authorisation form for all data except:

- The payer's account number in IBAN format;
- The payee's Identification Code (CID);
- SEPA Direct Debit scheme.

11. ČSOB shall process SEPA Direct Debit only if there are sufficient usable funds on the payer's account. If there are not enough usable funds on the payer's account at the time of processing this direct debit, ČSOB shall not carry out the direct debit.

12. The client – payer may request a refund of the amount of the authorised payment transaction within 8 weeks from the moment of its debiting from the account, without giving reasons, only in the case of the SDD CORE scheme. In the case of an unauthorised payment transaction, the client – payer may file a complaint concerning this transaction and request a refund of the transaction amount as soon as possible after having found out, but no later than 13 months from the execution of this transaction (so-called Refund).

13. Authorised requests for the refund of SEPA Direct Debit, or for claiming a payment, may be applied by the client – payer in accordance with the ČSOB Complaints Procedure. The complainant is always notified of the result of the complaint procedure in writing, both in the case of SDD CORE and in the case of SDD B2B.

14. The client – payer is obliged to inform ČSOB in the event that a new mandate is established, amended or the mandate is revoked.

B. Client – payee

In the event of activation of the SEPA Direct Debit service, the payee may send SEPA Direct Debit Orders via ČSOB according to the parameters agreed with the payer in the Mandate.

15. ČSOB shall provide the SEPA Direct Debit service to the payee on the basis of signing of the Agreement on this service between ČSOB and the payee, where the conditions for sending SEPA Direct Debit Orders are contractually regulated. By signing the Agreement, the payee confirms their agreement with the current wording of these Conditions and with the fees for this service according to the price list valid on the day of the fee settlement.
16. The payee, with whom ČSOB has concluded the relevant Agreement, is obliged to issue the SEPA Direct Debit Orders in accordance with the Agreement and, at the same time, in accordance with the Mandate, which the payee has concluded with the SEPA Direct Debit payer. The amounts of the SEPA Direct Debit payments are credited to the payee's account on the basis of the sent SEPA Direct Debit Orders if all preconditions for the settlement of these payments are met.
17. When issuing a SEPA Direct Debit Order, the payee is obliged to fill in all mandatory data required by ČSOB in the SEPA Direct Debit Order form, or the Standing Order for SEPA Direct Debit, and to follow the instructions stated in the form. The same rules also apply to entering SEPA Direct Debit Order via the Internet Banking service (if it allows it).
18. ČSOB is not responsible for the rejection or non-settlement of funds on the basis of SEPA Direct Debit Orders from the initiative of the payer or from the initiative of the payer's bank, or in the case that the payee has provided insufficient or incorrect data in the SEPA Direct Debit Order.
19. The payee is obliged to archive the Mandate and to submit it at the ČSOB request (e.g. when activating the SEPA Direct Debit service or in the case of a complaint procedure).
20. The payee is obliged to inform ČSOB in the event that a new mandate is established, amended or the mandate is revoked.
21. Deadlines and due date of the SEPA Direct Debit Order sent by the client – payee:
 - SDD CORE and SDD B2B – **paper form** The SEPA Direct Debit Order must be submitted by 2:00 p.m. of a business day at the branch counter during its opening hours, no later than two business days before its due date. This period applies to both types of orders (one-off and recurrent) as well as to all sequences of the orders (first, repeated and last)
 - SDD CORE and SDD B2B – **electronic** The SEPA Direct Debit Order must be submitted by 5:00 p.m. of a business day, two business days before its due date.
22. Authorised requests for the revocation of a sent SEPA Direct Debit Order or for the refund of a credited payment may be submitted by the client – payee to ČSOB only in paper form during opening hours at the counter of a ČSOB branch.
 - In the event of a request for revocation, which must be submitted at a ČSOB branch no later than two business days before the due date of the SEPA Direct Debit Order, ČSOB shall make all efforts that can reasonably be required therefrom to revoke this sent Order, provided that ČSOB is not responsible for the revocation of the Order by the payer's bank (so-called Request for cancellation).
 - In the case of a request to refund the amount of SEPA Direct Debit credited to the payee's account on the basis of the SEPA Direct Debit Order, back to the payer's/payer's bank account (e.g. if the payer and the payee agree on another method of payment), the payee must submit request no later than four business days after the funds were credited to their account. ČSOB shall comply with this requirement only if the payee has sufficient usable funds on the account for the amount to be refunded (so-called Reversal).
23. Based on the payer's bank's request, ČSOB is entitled to debit the amount credited on the basis of the SEPA Direct Debit from the payee's account within these deadlines.
 - SDD CORE within 5 business days from the date of crediting the direct debit to the payee's account (so-called Return)
 - SDD B2B within 3 business days from the date of crediting the direct debit to the payee's account (so-called Return)
24. Based on the payer's request for the refund of the amount of the authorised payment transaction, ČSOB is entitled to debit the amount credited on the basis of the SEPA Direct Debit from the payee's account within 8 weeks of crediting the direct debit to the payee's account (so-called Refund).

If a payment transaction is not authorised, ČSOB is entitled to debit the amount credited on the basis of the SEPA Direct Debit from the payee's account within 13 months from the date of crediting this amount to the payee's account.

25. If the payer/payer's bank requests a refund of the amount credited to the payee's account on the basis of SEPA Direct Debit within the set deadlines, ČSOB is entitled to return the relevant direct debit amount to the payer's account and shall debit the amount, including the fees associated with the SEPA Direct Debit processing, from the payee's account. If there are not enough funds in the payee's account to return the direct debit amount, ČSOB shall return the funds to the payer and debit this amount to the payee's account, thus creating a debit balance. The payee is obliged to pay the debit balance immediately; if the payee does not do so, ČSOB is entitled to demand the payment of the default interest in the statutory amount. The interest on arrears is payable immediately; at the end of a calendar month the interest is added to the debit balance and ČSOB may charge the default interest from such increased amount in the following month.

IV. FINAL PROVISIONS

26. The current wording of these Conditions and the Price List is available at the operating premises of ČSOB branches and at www.csob.cz.
27. ČSOB is entitled to suggest to the Client changes to the Terms and Conditions to a reasonable extent as a result of changes in legislation, its interpretation or changes in standards applicable to the banking market; changes in the situation on financial markets or the banking services market; developments in market and risk indicators, including requirements for capital adequacy; developments in the area of technology and security of banking services; optimisation of banking products and services or changes in the business policy of ČSOB. ČSOB shall let the Client – individual (consumer) know about the suggested changes to the Conditions in the operating premises of ČSOB branches and at www.csob.cz no later than two months before the date when the changes should come into force. ČSOB shall also inform the client about the changes in writing, usually by a notice contained in the account statement, subject to the same notification period. In the case of a client – individual – entrepreneur or legal entity, ČSOB shall provide the information about the suggested changes at www.csob.cz at least one month before the suggested effective date, about which the bank shall inform the Client through a message sent to the client's Internet Banking, by an account statement, letter, or e-mail or data message. If the client has not rejected the suggested changes, it shall be considered that the client has accepted the changes. If the client rejects the suggested changes before the date when the changes should come into force, the client is entitled to withdraw from the agreement affected by the suggested changes with immediate effect; the same procedure applies to changes of the ČSOB Price List as well.
28. These Conditions take effect on 1 July 2024 and replace the Conditions dated 1 July 2023.

V. EXPLANATION OF SOME TERMS AND ABBREVIATIONS FOR SEPA DIRECT DEBIT

Authorisation of contracts/documents/forms shall mean:

Signature in accordance with the specimen signature, or another contractually agreed or ČSOB-specified method of authorisation.

Two types of SEPA Direct Debit (payment schemes):

- **SDD CORE – consumer direct debit (revocable)** – direct debit in EUR intended for both consumer and business entities. It guarantees to the payer the return of the authorised direct debit payment on the basis of the payer's request without giving a reason for a period of 8 weeks following the execution of the direct debit payment to the debit of the payer's account. Risk for the payee: the payer may, within 8 weeks after the due date, file a complaint for the payment settled via SEPA Direct Debit without giving a reason. The payer must give consent to the direct debit to their bank, the bank shall not carry out the direct debit without the prior consent of the payer.
- **SDD B2B – business direct debit (irrevocable)** – direct debit in EUR intended exclusively for business entities. The payer is not entitled to a refund of the authorised direct debit payment, they cannot apply for the so-called Refund, i.e. refund of the direct debit payment made. The payer must give consent to the direct debit to their bank, the bank shall not carry out the direct debit without the prior consent of the payer.

Mandate to SEPA Direct Debit

A written agreement that the payee concludes with the payer in order to collect funds from the payer's account. Each Mandate contains a unique Mandate reference determined by the direct debit payee, so-called UMR (Unique Mandate Reference). It serves for unambiguous identification of the direct debit relationship. The Mandate can be both one-off – to be used for one-off implementation, and recurring – to be used for repeated implementation. The payee is obliged to keep the Mandate. The Mandate shall automatically expire 36 months after the last SEPA Direct Debit Order sent, regardless of whether it has been processed or not. (The Bank may require the submission of the agreed Mandate, e.g. when activating the SDD service, or in the case of a complaint procedure.)

Mandatory data of the Mandate:

- CID – identification code of the payee
- IBAN and BIC of the payer
- Payee's and payer's identification data
- Information that this is a Mandate for SEPA Direct Debit
- Payment scheme specification – CORE, B2B
- UMR (Unique mandate reference) – unique reference (Mandate number)

CID (Creditor Identifier) – The identification code of the payee

Each payee, who wants to send the SEPA Direct Debit Orders, must be assigned an Identification Code, by which the payee is uniquely identified. However, payees may use the identification code assigned to them in another state for performing SEPA Direct Debits. The direct debit payee may have only one CID code assigned in the Czech Republic. Identification codes for SEPA Direct Debit in the Czech Republic are assigned by the Czech National Bank, on the basis of a request from the bank, which submits the request on behalf of the client. Subsequently, the bank sends the completed application to the data box of the CNB, which assigns the CID code and registers the data specified in the application into the register, no later than two business days from the date of receipt of the application, unless otherwise required. There is a charge for assigning and maintaining the CID code in the CNB register.

Debtor – payer – passive side of the direct debit

Payments are sent from their account on the basis of received SEPA Direct Debit Orders.

Creditor – payee – active page of the direct debit

Payments are credited to their accounts on the basis of sent SEPA Direct Debit Orders.

Prenotification

The payee is obliged to inform the payer at least 14 days before the due date about the amount and due date of the direct debit. The form in which the payee transmits the information to the payer is not explicitly specified (it can be done, for example, in the form of an invoice). The fulfilment of this obligation by the payee is taken into account, for example, if the payer complains about the collection from their account. (The payee is then obliged to prove that they have fulfilled this obligation.)

R – Messages

Specific types of messages by which the payer/payer's bank or the payee/payee's bank may cancel a SEPA Direct Debit.

- **Reject** – rejection of the transaction **by the payer's bank** for precisely defined reasons (e.g. non-existent or incorrect SDD Authorisation, invalid format, incorrect IBAN).
- **Refund** – **the payer** may file a complaint for an authorised SEPA direct debit within 8 weeks of making the payment, and within 13 months in the case of an unauthorised SEPA direct debit.
- **Return** – cancellation of direct debit, which is initiated **by the payer's bank** within 5 banking days after its execution, for B2B within 3 days (valid from 1 December 2017, previously the deadline was up to 2 days) (e.g. in the case the payer's account has been cancelled, is in wrong format, etc.)
- **Reversal** – request for a refund in the event that the direct debit has already been settled and it is found out that it should not have been made, within 5 days from the due date. The request is initiated **by the payee's bank**.
- **Revocation** – **the payee's** request to temporarily cancel the direct debit request until a date agreed with the payer.
- **Request for cancelation** – request **of the payee's bank** to cancel the transaction before it has been settled.