

Procedure



Cheque &
Credit
Clearing
Company

Credits Paid in over
Bank Counters for
Customers of
Other Banks

Version 5
July 2014

Version Control Sheet:

Revision Date	Version	Changes Made By	Summary of Changes
June 2009	1.00	BBA	British Bankers Association owned before passing to Cheque and Credit Clearing Company
October 2011	2.00	S Watson	No Changes
August 2012	3.00	G Casey	No Changes
July 2013	4.00	G Casey	Added under Point 1. 'Printed/Completed exactly in the name that appears on the cheque.'
July 2014	5.00	G Casey	Added under Point 1 'Where the beneficiary's account is held at another bank,' Added under Point 1d 'branch.'

Banks do not have to accept Bank Giro Credits paid in over their counters where the beneficiary holds the named account at another bank. Where such items are presented, the customer may be advised to go to the beneficiary account holding bank to conduct the transaction.

Where a bank decides to accept a Bank Giro Credit (BGC) over the counter for credit to an account held at another bank, the bank accepting the BGC must ensure that they have complied with the Payment Services Regulations. Also, there is a risk of loss to the Collecting bank if a cheque, presented as part of the transaction, is returned unpaid:-

- where the Collecting bank causes a delay in presenting the cheque for payment or
- where the Collecting bank causes a delay in notification to the Beneficiary bank that the cheque is unpaid.

Additionally, where the beneficiary's account is held at another bank, it is not possible for a Collecting bank to meet its obligations under the Money Laundering Regulations to confirm that the beneficiary name on the cheque exactly matches the beneficiary name and account number on the BGC. Neither can it perform any 'know your customer' checks. It could, therefore, be leaving itself open to challenge of conversion by a beneficiary or paying bank.

1. To avoid liability for loss banks should not accept Bank Giro Credits for accounts held at other banks unless they are:
 - a. Pre-encoded HO Collection credits, e.g for utility bills and credit card payments.
 - b. Printed/Completed exactly in the name that appears on the cheque.
 - c. Credits composed entirely of cash
 - d. Credits composed entirely of cheques drawn on the collecting bank branch.
 - e. Paid in under special arrangements which have been set up **in writing** between the collecting bank and the account holding bank.

Counter staff should be made aware of the possibility of fraudulent attacks on MICR codelines.

This does not remove the requirements for the Collecting Bank to abide by the remaining Money Laundering Regulations.

2. Where a credit has been deposited in a paying in machine or letterbox and it does not fulfil the conditions above, the Collecting bank should contact the depositor, or forward the whole transaction set to the Beneficiary bank.
3. If these procedures are not followed and the account holding bank incurs a loss, the Collecting bank will be required to make full restitution. Such responsibility can only be avoided, or partially avoided, by one of the following conditions:
 - a. The bank on which the cheque is drawn will bear any loss where they have not followed the correct procedures and timescales for the return of unpaid cheques.
 - b. If the fraud departments of the respective banks agree that the account holding bank has been grossly negligent in its account opening procedures, therefore allowing an account to be established for fraudulent purposes, they may conclude that the loss be apportioned.