

Direct Debit - FAQ's

1. What is Direct Debit?

Direct Debit (UAEDDS) is a way to pay regular bills from your current /savings account. You can set up a direct debit by signing a Direct Debit Mandate form, by visiting your respective Bank branch. Money is then taken from your bank account automatically by the company you are paying, according to your instructions.

2. What are the advantages of Direct Debit?

As a client you can take advantage of this service by making your recurring payments through the UAEDDS. The key benefits are:

1. It is secure and convenient
2. One time set up by registering a UAE Direct Debit mandate
3. No worries about remembering to pay at the right time. The only thing a payer needs to ensure is to maintain sufficient balance in the account to cover the payment
4. No need to write post-dated cheques
5. No queuing at payment offices, banks, exchange houses or post offices to make the payment
6. Substantial reduction in the cost of collection that will benefit all payers and receivers
7. It is automated and hence there is no need for manual tracking to meet payment deadlines
8. It eliminates the need for paper based payment instructions for recurring payments

3. My cash flows vary on a monthly basis, how can I defer payments if required?

You need to speak to the bank and agree on a credit facility, in order to manage the same

4. I have several bank accounts for different business lines under one license, which account will be used for Direct Debit?

Each account payment will be linked with DD system to one account; you can link all your accounts or you can keep it independent. It is totally up to you as DD is to facilitate payments and make business more convenient

5. What legal consequences would a failed direct debit lead to? Would a failed direct debit request be a criminal offence?

A Direct Debit Authority establishes a legally binding contract between you, the Creditor and the Creditor's Bank which comprises of the Creditor accepting payments through the UAEDDS, the Creditor Bank implementing the requests for payments and ourselves for making payments to the Creditor through the UAEDDS. In an event of a dispute, you shall submit to the jurisdiction of the UAE Courts. As the DDA shall be in accordance with and governed by the applicable laws of the UAE including the Federal Law No.(18) of 1993 Commercial Transactions Law.

6. Can the lender charge me for setup of direct debit in addition to loan processing fees?

The lender is allowed to charge for:

- a. Lodgement of Direct Debit Authority Request/Amendment
- b. Confirmation of Direct Debit Authority Request/Amendment

Depending upon the lender, these charges may be added into the loan processing fees.

7. Would I be informed on the status of my direct debit setup?

To be informed about the status of direct debit setup on your account, you will need to contact the bank where your application for the direct debit was submitted. However, you will also be notified on a receipt of a request from the lender/card issuer when the request to setup a direct debit on your bank account is received by the bank

8. Can I cancel direct debit setup by calling my bank?

No, your requests to cancel the direct debit authority, or request that particular payments not be made should be submitted in writing. It may take up to 5 working days to cancel the direct debit authority. However, for direct debit pertaining to loans/credit cards you should visit the lender/card issuer to cancel the direct debit and submit a written request.

9. Can I cancel direct debit setup request even if I had originally approved it?

Yes, cancelling a direct debit is possible for all types direct debit authorities. You will have to visit the LENDER or CREDIT CARD ISSUER for you to cancel direct debit authorities which are set up for LOAN / FINANCE / CREDIT-CARD.

10. How can I enquire on the status of direct debit setup?

You can contact your bank and enquire on the status of the direct debit setup.

11. Would there be a reference number or acknowledgement against a direct debit setup request?

Yes, you will receive an acknowledgement on the Direct Debit Setup Request submitted by you to your bank. Once the Direct Debit has been setup there would be a 23-digit unique identifier code which can be obtained by contacting the bank where you submitted the request.

12. How would I be protected against someone who tries to setup direct debit fraudulently?

It is very important that you have updated your records in your bank with the latest/active contact number/s and email address. When the request for setting up a direct debit authority is lodged into the system, the bank will notify you by pre-agreed means. If you suspect that you did not initiate a direct debit setup request then you should call the bank immediately and deny having set up the direct debit.

13. Who do I approach if I discover a direct debit has been setup fraudulently?

You should approach your bank if you discover that a direct debit authority has been setup fraudulently, and then you should:

- a. Cancel the direct debit authority
- b. Lodge a complaint/dispute through your bank in the UAEDMS (Disputes Management System)

14. What are the charges that would be levied for each direct debit into my account?

If sufficient funds are held in your account to honour the direct debit requests, then there will be no charges. Charges are levied only if you do not maintain sufficient funds in your account and a direct debit request is being dishonoured by your bank for that specific reason.

15. How can I change my direct debit setup if my salary is going to be transferred to a different bank?

If you are planning to change your salary transfer account and move to another bank then you should ensure that all active direct debit authorities are cancelled on your existing account. New DDAs should be set up at the new Bank as per the existing process. Please note that depending upon the number of direct debits it may take 10-15 business days to move all your direct debits from one bank to another.

16. Would I be allowed to change my bank or transfer salary if I have enrolled for direct debit?

You will have to approach the Originator for requesting for any cancellations/amendments/stop request if it has been set up for a Loan/Finance/Card. A direct debit will continue to remain active until such time you cancel/amend/stop the DDS.

17. If I setup direct debit for loan & close the loan, will the direct debit setup be cancelled automatically?

Yes, if you have fulfilled all your commitments towards a loan that was paid off using direct debits, the lender is obligated to cancel the direct debit without a written request from you.

18. If I settle my loan early, how can I cancel my direct debit setup?

If you do settle your loan early then the lender is obligated to cancel the direct debit automatically.

19. Who do I approach if direct debit continues after loan has been closed?

You should approach the lender to investigate the reasons.

20. How often can the lender make claim based on direct debit setup?

The number of times a lender can make claims based on a direct debit depends on the number of instances that you authorized them to claim in the direct debit authority. If you sign up for 48 instances, then the lender is allowed to raise claims till such time 48 instances are PAID. 49th presentation will be rejected by the UAEDDS even if lender claims for it.

21. Can I convert my existing loan serviced through PDC to be processed through direct debit?

It is at the Lender's discretion to provide you the option to convert your existing loan serviced through PDC to direct debits. However, it has to be noted that if even a single PDC has to be replaced in the current loan due to changes such as restructuring, top-up, etc., then you will be required to set up direct debits.

22. What are my rights when I pay for loan/services using direct debit?

If you authorize payment by Direct Debits:

- a. Your Originator will notify you in advance of the amounts to be debited
- b. Your Bank will accept and pay, provided your account has sufficient funds.

- c. You are entitled to request a full/partial refund of any Variable Direct Debit, the amount of which has exceeded the amount notified to you earlier by the Originator.
- d. You can instruct your Bank to refuse a Direct Debit payment or Cancel the direct debit instruction, by writing to your bank for services. However for loans/finances and credit cards you will need to visit the lender/card issuer to arrange for changes.

23. What consumer protection is offered for payments made using direct debit?

The UAEDDS has been designed and implemented to ensure that customer rights are protected at all times. It is as secure as any other mode of payment being used today with the added benefits of convenience. You should also submit the direct debit request after understanding the terms and conditions.

24. Can I make cash payments for EMI when direct debit setup?

Yes, you can make cash payments directly to the lender. However, you will need to check with the lender the number of days in advance of the due date that you will be allowed to make such cash payment.

25. Can I setup direct debit from my savings account?

Yes, Direct Debits can be set up from CURRENT / SAVINGS accounts to pay for LOANS / FINANCE / CREDIT CARDS.

26. Can I setup direct debit from my USD/EURO denominated account?

Please be advised that only AED payments will be processed using the UAEDDS until further notice.

27. Can I setup direct debit from my joint account?

Yes, direct debits can be setup from a JOINT ACCOUNT. At the time of setting up the direct debit ensure to imprint signatures of all those authorized as per the mandate that you have setup at your bank.

28. If my spouse set up direct debit on our joint account, will I be informed?

Your Bank will notify the primary account holder. It is very important that you have updated your records in your bank with the active contact number(s) and email address. When the request for setting up a direct debit authority is lodged into the system, your bank must notify you by pre-agreed means. If you suspect that you did not initiate a direct debit setup request then you should call your bank immediately and deny requesting for set-up of direct debit.

29. What happens to direct debit setup on our joint account if we have filed for divorce?

You should cancel all such direct debits, after making alternate arrangements.

30. If I setup direct debit to automatically pay for my credit card dues, what will be the amount claimed at each billing cycle: minimum OR complete dues?

You can setup a direct debit for credit card dues and the amount that will be claimed will as per what you have opted for “MINIMUM” or “COMPLETE” or “A SET PERCENTAGE OF OUTSTANDING”. The amount that will be claimed by the Originator on the due date may differ from the notified amount. This could be due to the claimed amount determined by the Originator is after taking into consideration the notified amount, additional payments made by you using alternate channels and the payment option selected by you subsequent to the intimation but prior to the due date.

31. If I sign up to pay for credit card dues, when will the direct debit claim be made: DUE DATE or BILLING DATE?

Claims on direct debits can only be made on the due date and not the billing date.

32. Am I protected against the service provider claiming any amount? What mechanism exists to ensure amount claimed is correct before debit?

The service provider is required to notify you in advance of the amount they will be claiming. If you feel that the amount claimed is not as per your expectation, then you may invoke a STOP payment.

33. Is there a protection mechanism that will ensure difference between consecutive claimed amounts is NOT hugely different?

When you set up the direct debit, you are allowed to set the minimum and maximum amounts. You are also allowed to choose between FIXED and VARIABLE. Please note that if you choose a variable amount and decide not to agree a cap with your Creditor in the direct debit, the Creditor will have an unlimited right to choose the amount deducted from your account, and the Paying Bank will have no liability to you or the Creditor for any dispute between you about the variable amount, unless the cap has been breached.

34. Do I setup direct debit for service provider with my bank OR the service provider?

For LOANS / FINANCES / CREDIT CARD DUES, You will need to setup the direct debit at the LENDER/FINANCIER/CARD-ISSUER. For all other services, you can either setup the direct debit from your bank or the service provider.

35. Where do I get the list of service providers who accept direct debit setup & process direct debit payments?

You can visit www.centralbank.ae and follow the link to UAEDDS for latest information on UAEDDS.

36. If I am to refinance my loan, does it impact my existing direct debit setup?

Yes, there may be an impact if the refinancing breaches the limits as set by the current direct debit. You may be required to setup a new direct debit authority (and cancel the old direct debit) to ensure that the lender is able to claim the additional monies required to be claimed.

37. What proof do I get when I instruct for cancelling the direct debit?

When you submit the request for cancelling the direct debit, the bank (where you submit the request) is obliged to provide you a sealed copy of the same for your records.

38. Is there a way to read my account statement for direct debit?

Yes, your account statements shall have:

- a. DEBITS due to DIRECT DEBITS &
- b. CREDITS due to DIRECT DEBIT RETURNS (NO PAY)

It is your obligation to exercise reasonable care and vigilance in the operation of your account in the context of direct debit payments. Your bank will make payments on the basis of the signed direct debit authority, and are not otherwise obliged to review or inform you about activity on your account, unless mutually agreed and except as required by the Rules.

39. Can the service provider cancel direct debit? Will I be informed when service provider cancels direct debit?

Yes, the direct debit authority may be cancelled by the service provider at its sole discretion without a written cancellation request from the Payer.

40. Would I be charged if direct debit is dishonoured for lack of funds in my account?
Yes, every time a direct debit request is dishonoured for lack of funds in your account, your bank reserves the right to apply a charge.

41. Is there a forum where I can raise complaint related to direct debit?
You should contact the originator to raise any complaints related to direct debits. If you wish to raise a dispute on a direct debit transaction then:

- You should approach your bank and submit a duly filled in dispute lodgement request form.

OR

- The Central Bank of the UAE by registering a complaint at www.centralbank.ae

OR

- Write to Consumer Protection Unit at complaint@cbuae.gov.ae

OR

- Call Consumer Protection Unit at 02- 6915290 / 02- 6915453

42. Would my account details for direct debit be shared OR made available to 3rd party?

The details of your direct debit will not be shared with any third party (individual and/or organization) without the written consent of the Central Bank of the UAE. As deemed necessary, your banker will share the data with one or more of the Federal/State/Local government agencies, Judiciary, Law-enforcement agencies, National Credit Bureau or as required by law.

43. Would all service providers, lenders, bankers have access to my personal information when I setup direct debit?

Service providers, lenders, bankers shall have access ONLY to the details that you will provide in the direct debit authority form for the specific direct debit authority that has been requested to be setup.

44. If my number is enrolled in DND list of institution, can they call me after getting my details from direct debit system?

If your number is enrolled as DND then please do not provide the same in the direct debit. The mobile number is not mandatory.

45. Would details of my loan be shared with all service providers, lenders, bankers?

The details of your loan will not be shared with any third party (individual and/or organization) without the written consent of the Central Bank of the UAE. As deemed necessary, your banker will share the data with one or more of the

Federal/State/Local government agencies, Judiciary, Law-enforcement agencies, National Credit Bureau or as required by law.

46. Can I request my banker to provide me list of direct debit setup?

Yes. When requested, your banker may provide you the list of active direct debits that have been setup on your account.

47. Will I be allowed time to fund my account if there is a shortfall & a direct debit is expected?

You should always ensure sufficient funds are available in your account to honour direct debit commitments. If there is more than one direct debit on your account, the Direct Debit Requests from the Originator will be processed on a first-in first-out basis. This will result in one or more Direct Debit Requests being dishonoured if there are insufficient funds in your account to meet all payments. The Direct Debit will be returned without referral by your bank in case of insufficient funds.

48. Will there be direct debit on Fridays? What if I am not able to fund my account due to a public holiday(s)?

Direct Debit instructions will not be executed on Fridays and other declared Banking Holidays. If the due date for a payment is during the holidays, then the payment will be due any time within 7 days immediately following the holidays. You should always ensure sufficient funds are available in your account to honour direct debit commitments.

49. Can I refuse to opt for direct debit AND opt for paying only by PDC?

No, all LOAN / FINANCE payments should ONLY be paid using DIRECT DEBITS. Institutions that lend should NOT accept Post-Dated-Cheques from customers. If any institution demands that you pay using a PDC, then you should immediately report the institution to The Central Bank of the UAE by registering a complaint at

www.centralbank.ae

OR

Write to Consumer Protection Unit at complaint@cbuae.gov.ae

OR

Call Consumer Protection Unit at 02- 6915290 / 02- 6915453