
Appendix A - APACS Code of Best Practice

CODE OF BEST PRACTICE (2001 Version)

The Code Of Best Practice is to contain two sections:

- (1) Merchant Responsibilities
- (2) A Model Authority Form

A1. MERCHANT RESPONSIBILITIES

Acquirers should ensure that their merchants take responsibility for:

- (1) Ensuring that the recurring transaction authorities signed by their customers conform to the required standard (see Section A2). This includes merchants who recruit on a telesales basis, who should ensure that their customers sign authority forms, albeit this may be carried out in retrospect. In the case of E-Commerce transactions, the authority should be contained within the web site and an electronic or hard copy held.
- (2) Ensuring that the cardholder understands the ongoing nature of the commitment he has undertaken. In the case of ISPs and Internet sites where a fee-free period is provided, this must be clearly stated, and the cardholder given sufficient notification (by e-mail and 7 days minimum) of expiry of the fee-free period.
- (3) Ensuring that the card holder will always know at least 14 days before the event how much is due to be claimed from his account and when.

To comply with this requirement a merchant must comply with the following guidance on Advance Notice:

- (i) Where the merchant is using a Recurring Transaction Authority or Acknowledgement which does not specify the due date of any claim or the amount to be claimed, the merchant is required to give individual advance notice to its payers of:
 - the amount to be claimed from his account
 - the date on which such claims are to be debited from that account.
- (ii) Advance notice must be given in all cases when the amount and/or date of claims are to change.

Note: when advising a card holder of the amount and date of the first payment it is acceptable to advise him that no further advance notice will be given if the amount due to be claimed changes solely because of the alteration in the applicable rate of any statutory levy such as value added tax or insurance premium tax.

- (iii) Advance notice will not be required when a direct action by the cardholder requires the merchant to initiate a specific claim on his account. This action must provide sufficient information to determine the amount and date of the claim
- (iv) Where the amount due is to be claimed infrequently, i.e. at intervals longer than one year, the merchant is required to notify the card holder at least 14 days before a claim becomes due.

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- (4) Ensuring that claims made comply with the terms of the authority given by the cardholder and are timed to ensure that the entry appears on the card holder's account no later than 7 business days after the agreed date.
- (5) Ensuring that instructions to cancel authorities, when received, are actioned immediately to ensure that no more claims are originated after receipt. Merchants should note that statutory notice, such as is published on the appointment of a liquidator or receiver, and is deemed to be constructive advice of cancellation. Where a chargeback is received merchants should be advised to approach the cardholder to obtain a new authority.
- (6) Ensuring that merchant contact details (telephone number and/or e-mail address) are displayed in literature and/or on the website to enable prompt resolution of queries or cancellation instructions. Where appropriate on-line cancellation facilities should be provided.
- (7) Ensuring that he can respond to a request from his merchant acquirer for a copy of a Recurring Transaction Authority within 10 days of the request being received. A failure to supply a copy upon request could result in a claim being disallowed and charged back.

Note: such requests may be originated up to six years after the last claim under an authority is made.

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**A2. MODEL AUTHORITY FORM
VISA OR MASTERCARD RECURRING TRANSACTION AUTHORITY**

Please complete parts 1 to 4 to authorise us to claim payments directly from your **Visa** or **MasterCard** account.

To Merchant & Co. Ltd

Merchant Reference _____

1. Name of Card Holder
(As shown on card)

2. Full Address

_____ Postcode _____

Telephone Number _____

3. Visa/MasterCard account number

4. Your authority to the merchant to claim amounts due from your **Visa** or **MasterCard** account and signature.

+ I authorise you to charge to my * _____
unspecified amount in respect of _____
as and when they become due.

+ I understand that Merchant & Co. Ltd will advise me of the amount to be paid and the dates on which payment is due and that Merchant & Co. Ltd may only change these after giving me prior notice.

+ **I UNDERSTAND THAT THIS AUTHORITY IN FAVOUR OF MERCHANT & CO. LTD WILL REMAIN IN FORCE UNTIL SUCH TIME AS I CANCEL IT IN WRITING/E-MAIL INSTRUCTION TO MERCHANT & CO LTD.**

Signature _____

E-mail _____
(Where signing on-line)

Date _____

* Please insert the relevant Card name