



PAID & CO

## Direct Debit rent collection - frequently asked questions

### Is there a risk of the tenant raising an indemnity claim under the Direct Debit guarantee scheme?

This question relates to this part of the Direct Debit guarantee:

- If an error is made in the payment of your Direct Debit, by the organisation or your bank or building society, you are entitled to a full and immediate refund of the amount paid from your bank or building society.
  - If you receive a refund you are not entitled to, you must pay it back when the organisation asks you to.

Barbon research indicates that this occurs rarely (0.15% of the time), mainly due to the tenant moving out without the Direct Debit being cancelled.

Letting agents and landlords can, in turn, raise counterclaims; in the event of a tenant raising a claim which is considered 'false'.

Our service follows BACS guidance and, as such, minimises your risk. In the unlikely event that an indemnity claim is raised by one of your tenants, PAID & CO will guide and support you through the process.

Remember that the obligation to pay comes from the tenancy agreement, so indemnity claims do not affect the fact that the tenant must pay you in line with the contract.

### Does Direct Debit have the same 'legal' obligation to pay as standing order?

Yes. The obligation to pay comes from the tenancy agreement. Unless something is written in the tenancy agreement about how the rent is to be paid (in addition to setting out the amount and payment dates), the obligation to pay the rent is clear and independent of the medium used to make the payment; whether standing order, Direct Debit, cheque, credit card, cash or gold bullion!

## How secure is your system and my data?

The PAID & CO system is secure; it uses 256-bit encryption and has been penetration-tested against the standards in Common Vulnerability Scoring System, Common Weakness Enumeration and others - e.g. Common Vulnerabilities and Exposures - as referenced by penetration testing companies.

## How long will I need to wait for payments to be processed?

Unlike credit or debit card transactions, Direct Debit payments do not clear instantly. It will generally take at least three banking days before the funds are cleared.

## How much does it cost to set up access to PAID & CO?

Access is free - there are no set up costs. You simply pay per transaction.

## How much is the transaction charge?

£2.25 is the standard fee - which is payable on the first collection attempt - per tenant, per month.

## Is my money safe with you and your Direct Debit processing partner, London and Zurich?

Yes. Barbon Insurance Group is a well-established business, regulated by the FCA. Similarly, London and Zurich is a BACS-approved bureau and is also FCA regulated.

## How long does it take to set up an account with PAID & CO?

If you are already a customer of HomeLet or Rentshield Direct, we can set you up with PAID & CO within a day. If you are not already a customer, we will need to complete a few anti-money laundering checks before setting up your account.

## Do I have to move all my tenants from standing order to PAID & CO on day one?

You might choose to move all tenants immediately, but most customers are rolling out first to new tenants and any tenants that have not been paying reliably.

## How can I reconcile payments with my property management system?

Using specially developed reports from the PAID & CO system, you can upload data from PAID & CO as easily as you upload your bank statements. But, unlike your property management system, PAID & CO highlights problem payments automatically - based on daily updates from BACS.

