



THE LITTLE
BACS GUIDE TO
**SWITCHING
FACILITIES
MANAGEMENT
PROVIDER**

The essential guide to switching the Direct Debit business of a client from one facilities management provider to another

INTRODUCTION

Facilities management (FM) is a service offered by an organisation to collect or administer Direct Debits on behalf of another business.

An organisation offering a facilities management service is known as an FM provider, and a business using their services is known as an FM client.

An FM provider acts as a Bacs service user for organisations that do not have their own service user number (SUN). This means businesses can use Direct Debit without being sponsored into the Direct Debit Scheme by their payment service provider (PSP).

This guide describes the stakeholders involved in switching the Direct Debit business of a client from one FM provider to another; explains the three switching options available; gives an overview of the switching process; and suggests some best practice guidance for stakeholders when undertaking a switch.

However, it does not cover the contractual relationship between the client and the FM provider, as this is outside the scope of the Direct Debit Scheme.

Whilst not specifically covered in this guide, there may be circumstances when a client might wish to become a service user, and obtain its own SUN. This means they would no longer require the FM services of a provider, perhaps choosing to continue to contract with them for bureau services or opt to complete their own Bacs processing. In such circumstances the switching options explained in this guide would be applicable.



THE SWITCHING STAKEHOLDERS

The switching process is likely to commence when a client identifies its chosen new FM provider who will generally drive the process, engaging with the other stakeholders as and when necessary. There are five stakeholders involved in the switch. The table opposite outlines the role of each of them during the process.

Stakeholder	Can request a switch	Role in the switch
FM client	X	This role is likely to be largely passive as many of the steps involve actions being taken by other stakeholders. However the client may be involved in the communication process between the two FM providers and handling of sensitive information (data). The level of engagement for the client may also be influenced by the services provided by the new FM provider
New (acquiring) FM provider	X	To drive the switch. The Direct Debit bulk change process , which is available to FM providers from a password protected area on the Bacs website, details the steps that need to be followed
Sponsoring PSP of the acquiring FM provider		Support the acquiring FM provider with provision of documentation and guidance; engage with the ceding FM providers sponsoring PSP to support any actions required, provide a new SUN (where this is required), or arrange the transfer of the existing SUN (where this is required)
Old (ceding) FM provider	X	Provide information (for example, the existing SUN and details of Direct Debit Instructions (DDIs)), complete documentation (such as the bulk change deed) and carry out actions (for example, submitting AUDDIS 0C transactions to cancel DDIs on payers accounts) as and when needed
Sponsoring PSP of the ceding FM provider		Support the switch as required

WHAT SWITCHING OPTIONS ARE AVAILABLE?

There are three ways to switch a client's Direct Debit business from one FM provider to another.

Any way of switching outside of these three options needs to be agreed by the acquiring FM provider with its sponsoring PSP before the switch takes place.

1

Bulk change – transfer of SUN

This option applies when all DDIs are being switched and is the simplest of the three switching options. It doesn't require the cancellation of DDIs and the creation of new ones, reducing the risk of problems occurring during the switch and allowing PSPs to make central adjustments to enable the change of ownership of the SUN. Any indemnity claims are automatically directed to the acquiring FM provider.

To support this transfer option the two FM providers complete a bulk change deed. This is a standard form legal document which underpins the transfer. The wording of the deed is therefore not changed in any way.

A requirement of the bulk change process is that the acquiring FM provider accepts responsibility for all indemnity claims that are raised, both against collections made following the transfer, and also for Direct Debit collections made before the switch of FM provider occurred. As such there may be risk considerations for both the acquiring FM provider and its sponsoring PSP. Conversely there are potential

benefits for the ceding FM provider, as they will not be receiving indemnity claims after the switch.

Full details of the bulk change process can be found in the **Direct Debit bulk change process** which can be obtained by FM providers from a password protected area of the Bacs website.

This option is not available in situations where only some of the DDIs are to be switched.

NB this switching option is the one recommended by both Bacs and sponsoring PSPs.

2

Bulk change – transfer of all DDIs

This option may be used when all DDIs are being switched for a client from one FM provider to another and if the acquiring FM provider is an AUDDIS service user. It avoids asking payers to complete new DDIs, eliminating uncertainty over whether a valid DDI will be in place enabling collections to continue when the collection date falls.

To use this option the ceding FM provider (if it is an AUDDIS service user) needs to generate AUDDIS 0C transactions to cancel existing DDIs with paying PSPs, and the acquiring FM provider is required to generate 0N transactions to create new DDIs with paying PSPs to replace them and complete the switch.

To support this transfer option the two FM providers complete a bulk change deed. This is a standard

form legal document which underpins the transfer. The wording of the deed is therefore not changed in any way.

A requirement of the bulk change process is that the acquiring FM provider accepts responsibility for all indemnity claims that are raised, both against collections made following the transfer, and also for Direct Debit collections made before the switch of FM provider occurred. As such there may be risk considerations for both the acquiring FM provider and its sponsoring PSP. Conversely there are potential benefits for the ceding FM provider, as they will not be receiving indemnity claims after the switch.

Full details of the bulk change process can be found in the **Direct Debit bulk change process** which can be obtained by FM providers from a password protected area of the Bacs website.

3

Bulk change – transfer of some DDIs

This option is a variant of the transfer of all DDI option described in "bulk change – transfer of all DDIs" above and is suitable for situations when a client only wishes to move some of its payers to another FM provider and if the acquiring FM provider is an AUDDIS service user.

With this switching option it is of paramount importance that all stakeholders are clear how many and which DDIs will be included in the switch.

WHAT SWITCHING OPTIONS ARE AVAILABLE?

To use this option the ceding FM provider (if it is an AUDDIS service user) needs to generate AUDDIS OC transactions to cancel the relevant DDIs with paying PSPs, and the acquiring FM provider is required to generate ON transactions to create new DDIs with paying PSPs to replace them and complete the switch.

To support this transfer option the two FM providers complete a bulk change deed. This is a standard form legal document which underpins the transfer. The wording of the deed is therefore not changed in any way.

A requirement of the bulk change process is that the acquiring FM provider accepts responsibility for all indemnity claims that are raised, both against collections made following the transfer, and also for Direct Debit collections made before the switch of FM provider occurred. As such there may be risk considerations for both the acquiring FM provider and its sponsoring PSP. Conversely there are potential benefits for the ceding FM provider, as they will not be receiving indemnity claims after the switch.

Full details of the bulk change process can be found in the **Direct Debit bulk change process** which can be obtained by FM providers from a password protected area of the Bacs website.

Monitoring by Bacs to ensure a simple and convenient switching process

Bacs is keen to ensure there is competition in the marketplace and that FM clients can easily and conveniently switch FM provider. Therefore FM providers are required to use the bulk change options referenced in this guide as their preferred switching options.

Bacs monitors the process of switching of FM clients. If there are any instances where a stakeholder feels another stakeholder involved in the process is unreasonably hindering or preventing a switch from taking place they should contact Bacs at fmp@bacs.co.uk.



FM providers must fulfil all legal and regulatory obligations required to undertake the bulk change process and in connection with any rules applicable to any contract for goods or services underlying the bulk change.

Note: Bacs will not intervene in any dispute in relation to the bulk change process between FM providers. The FM providers must resolve any issues between themselves.



FACILITIES MANAGEMENT SWITCHING PROCESS OVERVIEW

Users	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9
Client	Identify acquiring FM provider	Conclude contractual arrangements with acquiring / ceding FM provider	Advise existing FM provider	Act as liaison between the two providers	Issue advice to payers in conjunction with acquiring FM provider as appropriate				
Acquiring FM provider	Conclude contractual arrangements	Agree switch date	Agree switch type	Complete bulk change deed	Complete notification of change form	Complete transfer of sponsorship application	Prepare (and issue) advice to payers	Submit 0N transactions on agreed date (if required)	Submit 01 transactions
Acquiring providers sponsoring PSP	Set up new SUN (if required)	Meet other requirements, e.g., set up a payment service provider (PSP) account	Complete bulk change deed	Process notification of change form	Approve collateral	Store bulk change deed	Process transfer of SUN (if required)	Confirm completion of switch process	
Ceding providers sponsoring PSP	Confirm with ceding FM provider of switch of client	Process transfer of SUN (if required)	Confirm completion of switch process						
Ceding FM provider	Conclude contractual arrangements	Agree switch type	Confirm to sponsoring PSP of switch of client	Provide extract of data to acquiring FM provider	Complete bulk change deed	Complete notification of change form	Submit 0C transactions on agreed date (if required)		

There may be variations to who is responsible for some of these activities – any variations must be agreed in advance between the affected stakeholders

BEST PRACTICE GUIDANCE

1

Use the bulk change - transfer of SUN switching option

If at all possible use the recommended switching option, “bulk change – transfer of SUN”, as this is the simplest of the switching options because it doesn’t involve cancelling DDIs and creating new ones. It reduces the risk of problems occurring during the switch and allows PSPs to make central adjustments to ensure the change of ownership of the SUN.

Because there is no need to obtain new DDIs from payers it is likely this option will be quicker to deliver, as some payers may be slow to respond to the request to sign up to a new DDI, some may even decline to do so or take the opportunity to make alternative arrangements for the service they receive, or switch to another payment method that is less cost effective for the client, all of which could negatively impact the clients revenue.

2

Use a special delivery option to send information

When posting documents, for example the bulk change deed, use special delivery or another similar service to ensure item(s) arrive safely and on time.

3

Leave plenty of time

Whichever switching option is used several steps need to be worked through by all stakeholders and a number of activities will have to be carried out. These need to be carefully planned and sufficient time allowed to complete each of them. Every switch is likely to be different in one respect or another, so there is no definitive timescale. It is anticipated the basic procedures for the switch will take approximately four to six weeks to complete but additional time should be factored in to avoid last minute delays.

4

Decide upon and allocate responsibility for tasks

It is wise to identify who is responsible for carrying out each activity in the switching process. Some activities will naturally be the responsibility of one or more stakeholders to carry out, for example, completion of the bulk change deed. But for others variations of responsibility allocation may be possible, for example, letting payers know there will be a change of name of the organisation collecting their Direct Debits. It will aid the smooth operation of the process if responsibilities are agreed in good time.

5

Effective and timely communication with payers

Communicate with payers about the changes that are being made and how they will affect them clearly and in plenty of time before anything happens. This is not only good customer service but will also help to prevent any confusion and may reduce the number of customer enquiries to help desks about the changes.

Further information for FM providers

www.bacs.co.uk ➡

www.bacs.co.uk/sugr ➡

For the Service User’s Guide and Rules to the Direct Debit Scheme microsite.

www.bacs.co.uk/bulkchangeprocess ➡

For the “Direct Debit bulk change process” which contains further information about the various switching options.

