

SEPA Credit Transfer Reversal AOS Short Presentation

Reason for the AOS

The SEPA Credit Transfer Scheme Rulebook foresees under certain conditions the possibility for the Originator PSP to recall transactions that have been wrongly executed. This recall may occur on request of the Originator himself or because of a processing error by the PSP itself. The recall is a non-accounting transaction. It is a request for refund which implies a response from the Beneficiary PSP, be it positive (funds are returned) or negative (the request is not accepted). The procedure implies numerous manual interventions.

In certain situations, where it is clear that a PSP on the originating side had a processing problem that resulted in the sending of erroneous transactions, it appears that there exist possibilities to automate the process by using an accounting transaction that allows an automatic debit of the account of the Beneficiary of the erroneous SCT.

Short description of the AOS

The SEPA Credit Transfer Reversal is a mechanism that allows to reverse wrongly sent SCT transactions, under strictly defined conditions:

- It is a “mass”-procedure, not a procedure for unitary transactions;
- It applies only to the correction of technical errors made by PSPs (Originator PSP or possibly its direct participant in the CSM);
- The type of errors is strictly limited to :
 - o Duplicate sending;
 - o Technical problem resulting in
 - Erroneous bank account details of the beneficiaries (BIC or IBAN);
 - Erroneous amounts;
- The amount of the Reversal is strictly identical to the amount of the original transaction;
- The consent of the Beneficiary is required before the Beneficiary PSP may debit the account of the Payment Service User. This consent shall be given either on a case by case basis or in a comprehensive manner in the form of a contractual agreement between the Payment Service User and his PSP.

The SEPA Credit Transfer Reversal AOS may only be used by PSPs which cannot use it on behalf of their Payment Service Users.

The PSP which issued the bulk of original erroneous SCTs issues a bulk of SEPA Credit Transfer Reversal transactions (SCTRs), accounting transactions that are cleared and settled by the CSM and are automatically debited from the accounts of the Beneficiaries of the related SCTs.

The Beneficiary PSP of an original SCT may refuse the SCTR debit and consequently reject/return the Reversal transaction for:

- Banking reasons, such as account closed or blocked, Beneficiary deceased, Insufficient funds on the account or because the Beneficiary has not given his consent to the transaction,
- Technical reasons, e.g. because the BIC or IBAN communicated in the Reversal instruction is not correct, or the original SCT has never been received or has already been returned.

The Beneficiary may dispute the debit and consequently ask for the refund of the Reversal transaction.

The issuance of SCTRs is submitted to a preliminary Declaration of Incident¹ sent by the PSP initiating the SCTR to each of the CSMs used for the said issuance.

Messages used for the AOS

The SEPA Credit Transfer Reversal AOS uses only ISO 20022 messages which are also used by the EPC for the SCT and/or SDD schemes:

- SCTR Transaction: pacs.007, FI-to-FI Payment Reversal
- SCTR Reject: pacs.002, FI-to-FI Payment Status Report
- SCTR Return/Refund: pacs.004, Payment Return

Support documentation of the AOS

- SEPA Credit Transfer Reversal AOS User Guide
- SEPA Credit Transfer Reversal AOS Inter-PSP Implementation Guidelines

¹ The AOS does not standardize the form of the "Declaration of Incident" which is a matter between each CSM and its direct participants.