

2017

SWITCHING BANK ACCOUNTS IN LUXEMBOURG

A GUIDE



Association des Banques et Banquiers, Luxembourg

The Luxembourg Bankers' Association

Luxemburger Bankenvereinigung



PURPOSE OF THE GUIDE

This guide explains the actions to be taken if you wish to change your payment account in Luxembourg. It describes the services provided by the Luxembourg banks to every consumer who wishes to transfer recurring payments (credit transfers, direct debits and standing orders) linked to his payment account from one bank established in Luxembourg to a payment account at another bank established in Luxembourg. Reasonable fees may be charged for certain services.

As a client, you are completely free to transfer all or part of your banking relationship to a different bank; your old payment account can remain active or you may decide to close it. This guide, and the facilities which are available, do not, however, cover the transfer of all banking services. There may be services other than those described in this guide (perhaps linked to a payment account and possibly offered as a “package”) from which you benefit at your present bank which cannot be transferred from one bank to another or are not covered by this guide.

The current guide is based on the provisions of the Law of 13 June 2017 on payment accounts, which transposes Directive 2014/92/EU of the European Parliament and the Council of 23 July 2014 on the comparability of fees related to payment accounts, payment account switching and access to payment accounts with basic features.

According to the Law of 13 June 2017, banks should provide assistance to consumers, wishing to open a payment account with a bank located in another Member State.

ACTION TO BE TAKEN IN THE EVENT OF A TRANSFER OF RECURRING PAYMENT TRANSACTIONS FROM ONE PAYMENT ACCOUNT TO AN OTHER PAYMENT ACCOUNT AT A DIFFERENT BANK

In principle, to transfer recurring payment services from your payment account at your old bank to your payment account at your new bank you have two options. You may:

- Either ask your new bank to initiate and manage the switching process
- Or you take all the actions with the old bank and the new bank yourself



YOU ASK YOUR NEW BANK TO INITIATE AND MANAGE THE SWITCHING PROCESS

If you ask your new bank to initiate and manage the switching process, you have to sign an authorisation (annex 1) which identifies the tasks to be fulfilled by the new bank and the old bank. You will receive a copy of the authorisation.

In the case of two or more holders of the account, authorisation shall be obtained from each of them.

Day (J) when the new bank receives the authorisation from the client	J+2 bank business days	Upon receipt of a request from the new bank		Within 5 bank business days of receipt of the information by the new bank	Within 5 bank business days of receipt of the information requested from the old bank	At least 6 bank business days after the date on which the new bank receives the documents transferred from the old bank
<p>When you open a payment account at a new bank</p> <ul style="list-style-type: none"> ■ make sure that the new bank is in fact able to provide the products and services you wish to obtain; ■ carefully read the account opening document, the general terms and conditions and the service agreements; ■ return the authorisation, (annex 1) you have to sign to the new bank. You will receive a copy. <p>Please note that, if you wish to transfer only certain standing orders and/or certain direct debits to your new bank, you have to fill in and sign annex 1b and return it as soon as possible to the new bank and the old bank with a copy of the authorisation (annex 1).</p>	<p>The new bank shall request the old bank</p> <ol style="list-style-type: none"> 1. to transmit to the new bank, and if specifically requested by you, to you <ul style="list-style-type: none"> ■ a list of standing orders ■ available information on direct debit mandates, recurring incoming credit transfers in the previous 13 months and the direct debits initiated by creditors in the previous 13 months; 2. to stop accepting direct debit requests and incoming credit transfers with effect from the date specified in the authorisation; 3. to cancel standing orders with effect from the date specified in the authorisation; 4. to transfer any remaining positive balance with effect from the date specified in the authorisation; 5. to close former payment account on the date specified in the authorisation. 	<p>The old bank</p> <ol style="list-style-type: none"> 1. stops accepting direct debits requests and incoming credit transfers with effect from the date specified in the authorisation; 2. cancels standing orders with effect from the date specified in the authorisation; 3. transfers any remaining positive balance with effect from the date specified in the authorisation; 4. closes the old payment account with effect from the date specified in the authorisation; <p>For further information, please refer to the chapter on "Closing the old payment account".</p>		<p>The old bank transmits to the new bank and if requested by you, to you</p> <ol style="list-style-type: none"> 1. a list of standing orders; 2. available information on direct debit mandates, recurring incoming credit transfers in the previous 13 months and creditor-driven direct debits executed on the consumer's payment account in the previous 13 months. 	<p>The new bank</p> <ol style="list-style-type: none"> 1. sets up standing orders requested by you; 2. makes any necessary preparations to accept direct debits; 3. communicates to the payers specified in the authorisation and making recurring incoming credit transfers, the details of your payment account as well as a copy of the authorisation (annex 1d). For this purpose, transfer to the new bank all information it needs to inform the payers. You can inform the payers by yourself by using the standard letter (annex 3); 4. communicates to the payees specified in the authorisation and using a direct debit to collect funds from your payment account, of the details of your payment account as well as a copy of the authorisation (annex 1c). For this purpose, transfer to the new bank all information it needs to inform the payees. As the old bank has not all information on direct debit mandates SEPA DIRECT DEBIT signed by you, we suggest that you inform personally the payees of your new contact details by using the standard letter (annex 4). 5. Where relevant, informs you of your right to refuse to accept direct debits or to limit a direct debit collection to a certain amount or periodicity or both and to block any direct debits initiated by one or more specified payees or to authorise direct debits only initiated by one or more specified payees pursuant to Regulation (EU) 260/2012. 	<p>The new bank</p> <ol style="list-style-type: none"> 1. executes standing orders with effect from the date specified in the authorisation; 2. accepts the request of collection of direct debits with effect from the date specified in the authorisation.

SWITCHING PROCESS INITIATED AND MANAGED BY THE CLIENT

A. Opening of a payment account in a new bank	B.1 Inform your creditors and debtors of your new bank account details	B.2 Ask for your direct debits and standing orders on your old payment account to be cancelled at a specified date	B.3 Ask for direct debits and standing orders to be set up on your new payment account from a date after the date of cancellation and termination of payments from your old payment account	C. Closing the old payment account
<ul style="list-style-type: none"> ■ Before opening a payment account at a new bank, you must make sure that the latter is in fact able to provide the products and services you wish to obtain. ■ Please read carefully the account opening documents, the general terms and conditions and the agreements covering the services for which you have opted. ■ Order payment cards from the new bank. 	<p>B.1</p> <p>FUNDS CREDITED TO YOUR PAYMENT ACCOUNT (INCOMING PAYMENTS)</p> <ul style="list-style-type: none"> ■ Draw up a list of organisations and persons who regularly transfer funds to your payment account on the basis of your account statements for the past 13 months. ■ You may find attached (Annex 2) a list, which is not exhaustive but given by way of example, of bodies that may regularly transfer money to your payment account. ■ Let them know the details of your new bank account. You may use the model letter attached (Annex 3) for this purpose. ■ Bear in mind the time which the entities and persons concerned will need to implement the changes necessitated by your new bank account details. <p>FUNDS DEBITED TO YOUR ACCOUNT (OUTGOING PAYMENTS)</p> <ul style="list-style-type: none"> ■ You should draw up your own list of creditors/suppliers or ask your old bank to let you have this list. If you have authorised some of your suppliers to debit your bills to your payment account by direct debit, you must inform these suppliers of your new bank account details. Your old bank will supply all available information free of charge in the previous 13 months. Bear in mind that the old bank does not have all the information on the direct debit mandates SEPA DIRECT DEBIT, you have signed. ■ Convey your new bank account details to the creditors/suppliers concerned. For this purpose you may use the attached model letter (Annex 4). ■ Bear in mind the time which the entities and persons concerned will need to implement the changes necessitated by your new bank account details. <p>SET UP THE LIST OF YOUR STANDING ORDERS</p> <p>B.2</p> <ul style="list-style-type: none"> ■ You must maintain a sufficient provision on your old payment account to be able to honour your current liabilities. ■ Agree on a specific date for termination of the payments with the old bank. 	<p>B.3</p> <p>The new bank will set up standing orders following the receipt of the necessary documents and information to do so.</p> <p>The new bank may assist you with the necessary actions by supplying the attached model letter (Annex 5) asking for the payment account at the old bank to be closed and for the remaining balance to be transferred to the payment account at your new bank.</p> <p>For further information, please refer to the chapter on “Closing old payment account”.</p>		

CLOSING THE OLD PAYMENT ACCOUNT

If you wish to close your old payment account, please make sure beforehand that no future payment transaction is liable to be processed on your old payment account. For some weeks, payment transactions may still be effected via a payment card and bank charges may still be due.

In that case you must maintain an adequate provision on this payment account to enable you to honour your current liabilities.

DO NOT FORGET TO

- regularise your situation if the balance of your old payment account is in the red;
- check whether the other services that you would like to maintain with your old bank are liable to generate movements on your payment account;
- return the payment cards linked to your payment account to the old bank. Credit/debit cards are the property of the issuing bank;
- order payment cards from the new bank.
- recover the electronic statements in the old bank, as they are receipts you should keep.

In principle, no charge is made to close a payment account. However, costs may be charged to close an account which has been open for less than twelve months; this is permitted by Article 74 of the modified Law of 10 November 2009 on payment services.

OUT-OF-COURT COMPLAINT RESOLUTION

Should any disputes arise between you and your bank you may refer the matter to the “Commission de Surveillance du Secteur Financier (CSSF)” which shall be competent to entertain complaints by clients of entities subject to its supervision and to approach those entities with a view to achieving an amicable settlement of such complaints.

Opening an out-of-court complaint resolution procedure with the CSSF is subject to the condition that the complaint has been dealt with by the management of the relevant professional beforehand. In this respect, the complaint must have been first submitted in writing to the manager responsible for complaint handling.

In the case where one month after having sent your complaint to the manager responsible for complaint handling, you have received neither a satisfactory answer nor an acknowledgement of receipt, you can apply for an out-of-court resolution of your complaint with the CSSF.

The CSSF can be reached by

- Filling in the form available at the following address:
<http://www.cssf.lu/consommateur/reclamations/>
- Sending an e-mail to the following address:
reclamation@cssf.lu
- By fax: (+ 352) 26 251 26 01
- You may also send your request by post:

Commission de Surveillance du Secteur Financier
283, route d’Arlon
L-2991 Luxembourg

ANNEX 1

Switching service

Authorisation to be signed by the client(s) and to return to the new bank

The undersigned,

Mrs Mr

Name

First name

Born on

At

Domiciled at

Mrs Mr

Name

First name

Born on

At

Domiciled at

account holder(s) (IBAN code) at the bank

..... (name of the old bank)

would like to switch his/their bank account to

..... (name of the new bank)

account number (IBAN code)

For this purpose, the undersigned, authorise(s) and instruct(s) the new bank and the old bank to carry out the following tasks:

1. Within 2 bank business days from the receipt of the authorisation, the new bank shall request the old bank to transmit within 5 bank business days:

(Please tick the services requested)

- a) a list of standing orders
 - the list will be transmitted to the undersigned
- b) a list of available information about recurring incoming credit transfers in the previous 13 months
 - the list will be transmitted to the undersigned
- c) a list of available information on direct debit mandates
 - the list will be transmitted to the undersigned
- d) a list of available information on direct debits initiated by creditors in the previous 13 months
 - the list will be transmitted to the undersigned

2. Upon receipt of the request of the new bank, the old bank

- a) stops accepting requests for the collection of direct debits with effect from _____
(at least 13 bank business days from the signature of the authorisation)
- b) stops accepting incoming credit transfers with effect from the date of closure of the account
- c) cancels standing orders with effect from _____
(at least 13 bank business days from the signature of the authorisation)
- d) transfers any remaining positive balance to the new payment account _____
(IBAN code) with effect from _____
(at least 13 bank business days from the signature of the authorisation)
- e) closes the payment account n° _____ of the undersigned
with effect from _____
(at least 13 bank business days from the signature of the authorisation)

3. Within 5 bank business days of receipt of the information from the old bank, the new bank

- a) sets up and executes the standing orders with effect from _____
(at least 13 bank business days from the signature of the authorisation)
- b) makes any necessary preparations to accept direct debits with effect from _____
(at least 13 bank business days from the signature of the authorisation)
- c) informs payers making recurring incoming credit transfers of the account details of the undersigned and transmits a copy of the authorisation (annex n°1d)
- d) informs payees using direct debits to collect funds, the new contact details of the undersigned, as well as a copy of the authorisation (annex n°1c)
- e) the undersigned inform(s) the payers and payees. In this case the new bank transmits the model letters (annex n°3 & 4) to the undersigned

4. If the undersigned would like to transmit some standing orders and/or some direct debits to the new bank, he/they has/have to complete and sign annex n°1b, and to transmit it as quick as possible to the new bank and to the old bank, with a copy of the present authorisation.

Done at _____, on _____

Signature of the client(s)

ANNEX 1a

Authorisation

To be signed by the new bank and to send to the old bank together with annex 1

Place _____ Date _____

OLD BANK

Name _____

Address _____

Mrs / Mr _____

(Name of the contact person)

Subject: switching bank account

Please note that our client

Name _____

Address _____

Account number _____ (IBAN code)

has instructed us to initiate the bank switching procedure as provided by the law of 13 June 2017 on payment accounts.

You will find attached the authorisation of the client and we would like to ask you to carry out the tasks defined in the authorisation and to return the information listed there to

NEW BANK

Name _____

Address _____

Mrs / Mr _____

(Name of the contact person)

Yours sincerely,

Done at _____, on _____

Signature (new bank)

ANNEX 1b

Authorisation

To be signed by the client(s) and to send by the client(s) to the new bank and the old bank including annex 1

1. The following standing orders have to be cancelled by the old bank and have to be put in place and executed by the new bank:

2. The following requests of direct debits collection will no longer be accepted by the old bank and will be accepted by the new bank:

3. The new bank informs the following payers of my/our new contact details:

4. The new bank informs the following payees of my/our new contact details:

Done at _____, on _____

Signature of the client(s)

ANNEX 1c

Authorisation

To be signed by the client(s)
To be send by he new bank to the concerned payees

The undersigned,

Mrs Mr

Name _____

First name _____

Born on _____

At _____

Domiciled at _____

Mrs Mr

Name _____

First name _____

Born on _____

At _____

Domiciled at _____

account holder(s) _____ (IBAN code) at the bank

_____ (name of the old bank)

would like to switch to the bank

_____ (name of the new bank)

account number _____ (IBAN code)

For this purpose, the client(s) authorise(s) and instruct(s) the

_____ (name of the new bank)

to inform you to collect your direct debits related to your direct debit mandates n° _____

with effect from _____ (at least 13 bank business days from the signature of the authorisation).

Done at _____, on _____

Signature of the client(s)



ANNEX 1d

Authorisation

To be signed by the client(s)
To be send by the new bank to the concerned payers

The undersigned,

Mrs Mr

Name

First name

Born on

At

Domiciled at

Mrs Mr

Name

First name

Born on

At

Domiciled at

Account holder(s) (IBAN code) at the bank

..... (name of the old bank)

Would like to switch to the bank

..... (name of the new bank)

Account number (IBAN code)

For this purpose, the client(s) authorise(s) and instruct(s) the

..... (name of the new bank)

to inform you to transfer any amount due with effect from
to its /their new account.

Done at, on

.....
Signature of the client(s)

ANNEX 2

Recurring incoming payments on a payment account

(non exhaustive list)

- Salary / pension
- Rent received
- Healthcare refunds
- Complementary health insurance
- Family allowances
- Dividends, coupons received
- Interests received (example: time deposit account without interest capitalisation)
- Tax refunds

ANNEX 3

Standard letter

Communicating new bank account details for incoming payments
(salary, pension, allowances, etc.)

Name First name

Address

Phone number

Name of the institute recipient

Address

Place, Date

Subject: Change of bank account details*Dear Sir/Dear Madam,*

Please note that my bank account details have changed.

..... (name of the old bank)

Account number (IBAN code old bank)

My new bank account details are as follows

..... (name of the new bank)

Account number (IBAN code new bank)

Please use this account to transfer any amount due with effect from

.....

Yours sincerely,

Signature

ANNEX 4

Standard letter

Transferring direct debits to a new account
(electricity bills, telephone, taxes etc.)

Name First name

Address

Phone number

Name of the institute recipient

Address

Place, Date

Subject: Change of bank account details*Dear Sir/Dear Madam,*

Please note that my bank account details have changed.

..... (name of the old bank)

Account number (IBAN code old bank)

My new bank account details are as follows

..... (name of the new bank)

Account number (IBAN code new bank)

I kindly ask you to debit this bank account for your direct debit collections related to direct debits mandate(s) number

..... with effect from

(at least 13 bank business days from the signature of the authorisation).

Yours sincerely,

Signature

Standard letter

Account closure request

Name First name

Address

Phone number

Name of the institute recipient

Address

Place, Date

Subject: Request for the closure of the payment account

Dear Sir/Dear Madam,

I hereby kindly ask you to close my payment account

Account number (IBAN code old bank)

and transfer any outstanding balance on my account

..... (name of the new bank)

Account number (IBAN code new bank)

Yours sincerely,

.....
Signature

GLOSSARY

Bank business day: a day, not being a legal or bank holiday, on which the relevant bank is open for business as required for the execution of a payment transaction.

Consumer: any natural person who is acting for purposes which are outside his trade, business, craft or profession.

Credit transfer: a national or cross-border payment service for crediting a payee's payment account with a payment transaction or a series of payment transactions from a payer's payment account by the payment service provider which holds the payer's payment account, based on an instruction given by the payer.

Direct debit: a national or cross-border payment service for debiting a payer's payment account, where a payment transaction is initiated by the payee on the basis of the payer's consent.

Payer: means a natural or legal person who holds a payment account and allows a payment order from that payment account or, where there is no payer's payment account, a natural or legal person who makes a payment order to a payee's payment account.

Payment account: means an account held in the name of one or more consumers which is used to withdraw cash, execute credit transfers, to place funds and execute direct debits (ex. current account).

Standing order: means any instruction given by the payer to his bank to execute credit transfers at regular intervals or on predetermined dates.



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