

ePay Virtual Euro Account Agreement

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This Agreement is for products supplied by Bank of Scotland plc to customers with an annual turnover of £15m or more.

We have tried to make this Agreement easier to read and understand by adding headings to the various sections.

These headings have been inserted for convenience only and do not affect the legal construction or interpretation of this Agreement.

1 Definitions

Affiliate: in relation to a Customer which is a body corporate, any subsidiary or holding company of such body corporate and any subsidiary of any such holding company for the time being.

Agreement: this Agreement, including the application form, signed between the Bank and the Customer and any other documentation signed between the Bank and the Customer or notified by the Bank to the Customer in accordance with this Agreement from time to time.

Annual Transaction Spend: has the meaning given in Schedule 2.

Bank, we or us: Bank of Scotland plc or any such other trading name as shall be notified by Bank of Scotland plc from time to time.

Bank Programme Administrator: representative(s) nominated by the Bank from time to time and who will carry out the functions allocated to them as set out or referred to in this Agreement

Billing Cycle: the period of one month between Statements.

Business Account: the control account that governs the Services provided to the Customer (specifying the Scheme Limit, RCN Accounts and RCN Limits), opened and maintained by the Bank in the name of the Customer.

Business Account Statement: a monthly statement of the Business Account setting out a record of all Card Transactions and Charges incurred for each RCN Account that were not included on previous monthly statements.

Business Day: a day (excluding Saturday and Sunday and public holidays) on which banks are generally open for business in England.

Card Transaction: any purchase of goods and/or services made by use of a VCN which is debited to the relevant RCN Account.

Cardholder: any individual authorised by the Customer from time to time to request or use a VCN issued by the Bank in accordance with the terms of the Agreement.

Charges: the charges applicable to the Services which are agreed with the Customer at the start of the Agreement together with any loss incurred by the Bank resulting from use of the RCN or VCN(s), and which will be debited to the Payment Account in accordance with Clause 10. Details of charges can be found at www.lloydsbankcommercial.com/Corporate-terms/BankofScotland/NewBankofScotlandTerms or are as otherwise notified to you in writing from time to time in accordance with the Agreement.

Charity: any body whose annual income, at the date of entering into the Agreement, is less than £1 million and is:

- (i) in England and Wales, a charity as defined by section 1(1) of the Charities Act 2006;
- (ii) in Scotland, a charity as defined by section 106 of the Charities and Trustee Investment (Scotland) Act 2005; or
- (iii) in Northern Ireland, a charity as defined by section 1(1) of the Charities Act (Northern Ireland) 2008.

Commencement Date: means the date on which we agree with you that the Services will commence.

CNP Card Transaction: means a 'card not present' Card Transaction such as Card Transactions that are initiated through e-Commerce, telephone, mobile telephone or mail order or any other Card Transactions for which a tangible plastic card is not physically swiped or dipped.

Corporate Administrator: a representative nominated by the Programme Administrator from time to time on the forms provided by us for this purpose, and who will carry out the functions set out or referred to in this Agreement.

Currency: Euros (€).

Customer, you or your: any business in whose name a Business Account is maintained by the Bank, as identified on the application form.

Debit Authority: the authority given by the Business to the Bank in the Business Application to debit Card Transactions shown on a Business Account Statement from the Payment Account.

Euros: the lawful currency for the time being of the member countries of the Eurozone.

Foreign Currency Account: a bank account maintained by the Business with the Bank and denominated in the Currency.

Implementation Clawback: has the meaning given in Schedule 2.

Implementation Costs: shall have the meaning given in Schedule 2.

Initial Term: means a period of one year, or six months if you are a Micro-Enterprise or a Charity, commencing on the Commencement Date.

Insolvent:

- (i) if you are an individual, where you or any other person takes (or threatens to take) any step in connection with:
 - your bankruptcy (including, for the avoidance of doubt, if a bankruptcy petition is presented against you, or you petition for your own bankruptcy);
 - the making of any composition, compromise, assignment or arrangement with any of your creditors;
 - the appointment of an interim receiver of your property under section 286 of the Insolvency Act 1986;
 - the appointment of a receiver in respect of you under the Mental Health Act 1983;
 - the appointment of any other, receiver or manager of any of your assets;
 - any analogous procedure in any jurisdiction;
 - you are unable or admit inability to pay your debts as they fall due or you are deemed to or declared to be unable to pay your debts under applicable law; or
 - you cease or threaten to cease to carry on business; or
- (ii) if you are a company, partnership, limited partnership or limited liability partnership, where you (or any other person) takes (or threatens to take) any step in connection with:
 - any suspension or re-scheduling of payments by you, a moratorium of any of your indebtedness or your dissolution or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise);
 - the making of any composition, compromise, assignment or arrangement with any of your creditors;
 - the appointment of an administrator in respect of you (including, for the avoidance of doubt, the filing of a notice of intention to appoint an administrator, or an application being made to court for the appointment of an administrator in respect of you);
 - the appointment of a liquidator in respect of you (including the presentation of a winding up petition, the convening of a meeting of members or creditors for this purpose, or any resolution being passed to appoint a liquidator in respect of you);
 - the appointment of a receiver or any similar officer in respect of you or any of your assets;
 - any analogous procedure in any jurisdiction;
 - you are unable or admit inability to pay your debts as they fall due (or you are deemed to or declared to be unable to pay your debts under applicable law) or the value of your assets is less than your liabilities (taking into account contingent and prospective liabilities); or
 - you cease or threaten to cease to carry on business.

Lloyds Banking Group: Lloyds Banking Group plc and all subsidiaries thereof for the time being.

Lloyds Banking Group website: the website and associated services of the Bank appearing at www.lloydsbank.com/commercialbanking or any other URL as the Bank may select.

Mastercard Processing Services Agreement: means the Mastercard Processing Services Agreement between the Bank and Mastercard Europe sprl dated 1 August 2012.

Micro-Enterprise: an enterprise which, at the date of entering into the Agreement, employs fewer than ten (10) persons and its annual turnover and/or annual balance sheet total does not exceed two (2) million Euros.

Non Currency Card Transaction: any transaction performed with a VCN in a currency other than the Currency.

Online: by means of a website, the address of which will be notified by the Bank to the Customer from time to time.

Online Servicing Capabilities: the suite of web-based processing, management and maintenance services provided in respect of the Services as more particularly set out in Schedule 1 as amended and updated from time to time in accordance with Clause 4.3.

Payment Account: the Foreign Currency Account maintained by the Business and/or Cardholder for payment of Card Transactions and Charges.

Payment Scheme Exchange Rate: means the foreign exchange wholesale rate set by Mastercard and applied to Non Currency Card Transactions to convert them to the Currency, which can be found at <https://www.mastercard.com/global/currencyconversion/>.

Payment Services Regulations: the Payment Services Regulations 2017 (S.I. 2017/752) as may be amended from time to time.

Programme Administrator: means the representative(s) nominated by the Customer from time to time on the form provided by us for this purpose, and who will carry out the functions set out or referred to in this Agreement.

RCN: means the real card number linked to a particular RCN Account which provides the funding card and settlement account for VCNs under that RCN.

RCN Account: an individual control account operated under the Business Account and opened and maintained by the Bank in the name of an individual authorised by the Customer for each RCN issued by the Bank as part of the Services.

RCN Limit: the sums approved by the Bank under Clause 2 as the maximum amounts of spending permitted on each RCN during a Billing Cycle (including any Card Transactions not yet debited and any authorisations the Bank has given in respect of prospective Card Transactions).

RCN Account Statement: the monthly statement setting out a record of all Card Transactions and Charges under a specific RCN Account made available by the Bank under Clause 7, that were not included on previously monthly statements.

Scheme Limit: the sum specified (in writing) from time to time by the Bank, and any changes to that sum that are agreed by the Bank, being the maximum spending (including any Card Transactions not yet debited and any authorisations the Bank has given in respect of prospective Card Transactions) permitted per Billing Cycle by the Customer cumulatively on all the Customer's RCN Accounts.

Services: the facilities to be provided to the Customer and Cardholders under this Agreement as specified in Schedule 1, together with any additional Online Servicing Capabilities or other services associated with the RCN Accounts or VCNs that the Bank or any other member of Lloyds Banking Group may make available to the Customer or to Cardholders from time to time.

Supplier: any person or entity who agrees, by arrangement with the Bank and/or Mastercard to accept the VCN as payment for goods and/or services as notified to the Customer from time to time.

System Terms: means such materials, user guides and terms as we provide you with from time to time in respect of the Online Servicing Capabilities.

TPP: a third party provider, authorised by law to access information from your payment accounts. For example this might include an account aggregator which gives you a consolidated view of your account information across multiple providers.

United States Dollars (\$): the lawful currency for the time being of the United States of America.

VCN: means a unique single or multi-use virtual card number that is linked to an RCN and is used in place of that RCN in relation to a CNP Card Transaction.

2 Use of the Card Payment Facility

- 2.1 Following the signature of the Agreement by the Bank and the Customer, the setting up of the Business Account, the Payment Account, the Scheme Limit, RCN Limits and all other administrative arrangements, the Bank will create RCN Accounts for the Services which are available to be used by the Customer in accordance with the terms of the Agreement.
- 2.2 Each RCN and associated VCNs may only be used within the RCN Limit agreed with the Bank for that RCN.
- 2.3 Cardholders may only present VCNs to complete Card Transactions with Suppliers who accept the VCN as payment.
- 2.4 The Customer shall ensure that:
 - 2.4.1 Programme Administrator(s) are fit and proper persons and that they comply with the terms of the Agreement at all times;
 - 2.4.2 any changes to the Programme Administrator(s) will be notified to the Bank by an authorised signatory of the Customer. The Bank will then provide the Customer with a form to be completed for the appointment of a new Programme Administrator;
 - 2.4.3 a Cardholder does not allow any other person to use a VCN generated for it and shall always keep it safe; and
 - 2.4.4 each Cardholder will follow such security and other procedures as the Bank stipulates for the use of the RCN Accounts and VCN(s) at all times.
- 2.5 No Cardholder is under any liability to make any payment and no representation or statement is made by the Customer or any of its officers, employees or agents (including the Programme Administrator(s)) which purports to impose liability on any Cardholder for the making of any such payment.
- 2.6 All Non Currency Card Transactions will be converted to the Currency and debited to the Business Account and the relevant RCN Account at the Payment Scheme Exchange Rate which is applicable on the day the Card Transaction is debited to the RCN Account which may be after the day the Card Transaction is carried out. The Non Currency Card Transaction fee as shown on the Lloyds Banking Group website (which may be amended from time to time in accordance with clause 15) is added to the converted Currency amount and this fee and the converted Currency amount will be shown on the RCN Account Statement and the Business Account Statement.
- 2.7 The Customer undertakes to ensure that no VCN or RCN is used in a manner prohibited by law and, in the case of a Customer which is a body corporate, the provisions of Part 10 Section 197 of the Companies Act 2006.
- 2.8 The Customer may request an increase in the Scheme Limit (via its relationship manager) from time to time. All requests will be subject to the Bank's normal credit review and approval process.
- 2.9 A Supplier may contact the Bank or an agent acting for the Bank for confirmation - or 'authorisation' - that the Bank will honour the Card Transaction that the Customer wants to make. Therefore there may be a delay before the Supplier processes a Card Transaction, and the Cardholder might not always be able to make a Card Transaction straight away, or at all.

The Bank has the right to refuse authorisation for any particular Card Transaction.

If authorisation is given, that Card Transaction will immediately reduce the total amount that can be drawn within the relevant RCN Limit and the Scheme Limit even though the amount of the Card Transaction may not yet have been debited to the Business Account.
- 2.10 The authorisation of a Card Transaction can include authorising any single Card Transaction or pre-authorising a future Card Transaction for a certain or uncertain amount.
- 2.11 If we are authorised in advance to make a future Card Transaction and the amount of the transaction is not known, we may reserve funds in the ePay Business Account or relevant RCN Account if you or the Cardholder consent to an exact amount of funds to be reserved. Reserved funds will be released when we are made aware of the amount of the Card Transaction.

- 2.12 Amounts received after the applicable cut-off times specified in the schedule of cut-off times, which can be found at www.bankofscotlandbusiness.co.uk, will be deemed to have been received on the following Business Day. Instructions received on days which are not Business Days for us will also be deemed to have been received on the next Business Day.
- 2.13 Subject to Clause 2.14 below, once a VCN has been used to authorise a payment, the Card Transaction cannot be stopped.
- 2.14 The following Card Transactions may be stopped if the Programme Administrator gives notice to the Supplier or other party that it has made the arrangement with (providing a copy of the notice to us):
- 2.14.1 any transaction which is agreed to take place on a date later than the date it was authorised so long as the notification is provided to us no later than close of business on the Business Day before the transaction is due to take place; or
- 2.14.2 recurring transactions if such transactions are due to occur after the date you ask us to stop it. By cancelling a recurring transaction arrangement you will have withdrawn authorisation for future transactions. If you provide us with such evidence as we reasonably request that authorisation to a recurring transaction arrangement has been withdrawn we will treat any future Card Transaction made pursuant to that arrangement as unauthorised.
- 3 When we can stop the use of a VCN**
- 3.1 We can stop the use of a VCN, or refuse to renew, replace or reissue a VCN, if it is reasonable for us to do so for reasons relating to:
- 3.1.1 the security of the VCN;
- 3.1.2 any suspected unauthorised or fraudulent use of the VCN;
- 3.1.3 a significantly increased risk that you will be unable to repay any credit line relating to the VCN; and/or
- 3.1.4 our legal or regulatory obligations;
- and we will not have any responsibility to you in respect of any loss or damage that you may suffer as a result.
- 3.2 We will inform you as soon as is practicable if we are going to, or if we have, stopped the use of a VCN and we will advise you of any reasons, unless the law prevents us from doing so or it would undermine our security measures. We will remove the stop on any VCN or replace it with a new VCN as soon as is practicable if the reason for stopping it no longer applies.
- 3.3 If you need to discuss the stop on a VCN with us, you can call us on 0800 096 4496 (if abroad +44 1908 544059) or write to us at Bank of Scotland Card Services, PO BOX 6061, Milton Keynes MK7 8LE.
- 4 The Services and online functionality**
- 4.1 We grant the Customer the right to use the Online Servicing Capabilities by allowing access to the Online Servicing Capabilities by the Programme Administrator(s). The Programme Administrators are then permitted by the Customer to grant access to Corporate Administrators and Cardholders, subject to the terms of the Agreement and the System Terms.
- 4.2 We will act on the instructions of the Programme Administrator(s) and Corporate Administrators
- 4.3 We may introduce new Online Servicing Capabilities from time to time and will notify the Customer accordingly, via the Programme Administrator.
- 4.4 If selected as part of the Services (except Purchase and Pay XML API) the rights and obligations of the Programme Administrator in relation to the use of the Online Servicing Capabilities include:
- 4.4.1 the setting up of Corporate Administrators and Cardholders;
- 4.4.2 the workflow management approval process and for the review of the activity; and
- 4.4.3 transaction enquiry and maintenance functions within the ePay Virtual solution.
- 4.5 If selected as part of the Services (except Purchase and Pay XML API) the Programme Administrator may permit Corporate Administrators to use the Online Servicing Capabilities solely for the purpose of using the transaction enquiry and maintenance functions within the ePay Virtual solution.
- 4.6 The Bank will provide the Customer with initial set up and on-going support in respect of the Online Servicing Capabilities in accordance with Schedule 1.
- 4.7 The Programme Administrator, Corporate Administrators and each Cardholder may copy, print or reproduce any of the web pages of the Online Servicing Capabilities for the purposes only of his or her use of the Online Servicing Capabilities for the Customer.
- 4.8 Our Online Servicing Capabilities may contain inaccuracies and typographical errors. If we are informed of any such errors we will endeavour to correct them as soon as practicable.
- 4.9 The Customer shall ensure that Programme Administrators, Corporate Administrators and Cardholders:
- only use the Online Servicing Capabilities in compliance with the terms of this Agreement (including any such requirements set out in Schedule 1) and any System Terms provided from time to time;
 - ensure that personal and other data provided to the Bank is properly maintained, accurate and up to date;
 - comply with all applicable security procedures and keep secure and confidential all usernames and passwords and change the same no less frequently than recommended by the Bank from time to time or immediately if at any time it is suspected that someone else may know them; and
 - set up and maintain adequate security measures to safeguard the use of the Online Servicing Capabilities from unauthorised persons when being used through its own or any third party IT systems.
- 4.10 The Customer shall be responsible for controlling access to and the use of the Online Servicing Capabilities and shall ensure that only the Programme Administrator(s), Corporate Administrators and Cardholders are permitted access to the Online Servicing Capabilities, to the extent permitted by this Agreement. The Customer shall ensure that the Programme Administrator, Corporate Administrators and Cardholders shall not:
- monitor, copy, print out or otherwise reproduce any part of or information provided via the Online Servicing Capabilities or any part thereof (except as expressly permitted hereunder);
 - modify, translate, alter, decompile, disassemble, hack, tamper with or reverse engineer any part of the Online Servicing Capabilities or create any derivative work or product based on the Online Servicing Capabilities or use the Online Servicing Capabilities for the creation of new applications of any kind or for the creation of other products or service offerings;
 - use the Online Servicing Capabilities other than for the Customer's business purposes;
 - remove or alter any proprietary markings, copyright notices, confidential legends, trademarks or brand names appearing on the Online Servicing Capabilities or any material supplied by us under this Agreement or any copies thereof whether in the form of user guides or otherwise;
 - access or use any part of the Online Servicing Capabilities in respect of which the Bank has not granted express permission;
 - use or permit any third party to use the Online Servicing Capabilities in contravention of any applicable law or regulation;
 - use any software or other tool or take or permit any third party to take any action which may interfere with the functionality of the Online Servicing Capabilities or compromise the security and control of access to the Online Servicing Capabilities by the Customer or any other person;
 - create or permit to be created any links to or from any website to any part of the Online Servicing Capabilities or cause the Online Servicing Capabilities to appear in any form (whether by framing or otherwise) other than that presented by the Bank;
 - transmit or upload any material that contains viruses, Trojan horses, worms, time bombs or any other harmful programs which may interfere with or disrupt the website at www.bankofscotlandbusiness.co.uk or any network connected thereto; or
 - sublicense, re-licence, distribute, disclose, use, market, rent, lease, loan or transfer to any third party, any part of the Online Servicing Capabilities for third party use, third party training, time sharing, use as an application service provider or service bureau use.

- 4.11 The Customer acknowledges that the copyright, patent rights, trade secrets, trademarks and other intellectual property rights in and to the Online Servicing Capabilities and any material issued by the Bank in connection therewith are owned by the Bank and/or its licensors and save for the access rights expressly set out herein nothing contained in this Agreement shall give the Customer, the Programme Administrator, Corporate Administrators or Cardholders any right, title or interest in any such intellectual property.
- 4.12 The Customer shall access the Online Servicing Capabilities at its own cost through its own service provider using its own equipment and shall at all times be responsible for ensuring that it is compatible with the relevant requirements for access to and use of the Online Servicing Capabilities. The Customer acknowledges and understands that its systems will from time to time be under threat from viruses and other intrusive devices which may have a deleterious effect on their operation. The Customer shall be responsible for taking all appropriate and necessary measures for the protection of its own systems and equipment from any such intrusion whether via the Online Servicing Capabilities or otherwise and the Bank shall not be liable for any loss or damage caused thereby.
- 4.13 The Bank may accept as authentic and accurate and act upon any information that is accompanied by the appropriate identifier without further investigating the source of information.
- 4.14 The Bank gives no warranty or assurance with respect to the Online Servicing Capabilities and all implied warranties are excluded to the maximum extent permitted by law.
- 4.15 Although industry-customary security measures have been implemented to protect the privacy of information transmitted via the Online Servicing Capabilities, the Bank does not warrant that any such information will be fully protected from unauthorised access.
- 4.16 The Bank will use reasonable efforts to enable access to the Online Servicing Capabilities on a 24/7 basis but does not warrant that the use of the Online Servicing Capabilities will be uninterrupted whether for scheduled maintenance or otherwise.
- 4.17 The Bank may suspend, modify or discontinue any part of the Online Servicing Capabilities at any time for any reason including maintenance, enhancement, breach of security or breach by the Customer of any of its obligations hereunder and whenever practicable the Bank shall notify the Programme Administrator accordingly.
- 4.18 The Bank may at its discretion delay or decline to update on the Online Servicing Capabilities any transmitted information which it considers to be unacceptable for any reason, including suspected unauthorised access or fraud.
- 4.19 Unless terminated earlier by the Bank, the rights of access to the Online Servicing Capabilities will cease on termination of the Agreement and the Customer will ensure that the Online Servicing Capabilities and each part thereof is deleted from all electronic media, including intranet and electronic storage devices operated for and on behalf of the Customer.
- 4.20 Subject to Clause 18 and to the extent permitted by relevant law or regulations, the Customer will indemnify the Bank against all losses, costs, claims, damages and expenses which may be sustained or incurred by the Bank as a result of incorrect information or instructions received from the Customer or the unauthorised use of the Online Servicing Capabilities or any failure on the part of the Customer (including the Programme Administrator(s), Corporate Administrators and Cardholders) to comply with their respective obligations under the Agreement and any other reasonable instructions issued by the Bank from time to time.
- 5 Third Party Providers (TPPs)**
- 5.1 Your Programme Administrator will be able to give consent to a TPP to access the information on your Business Account for you, as long as the TPP is open and transparent about its identity and acts in accordance with relevant regulatory requirements. You must be using Online Servicing Capabilities to do this. We will treat any instruction from a TPP as if it were from you.
- 5.2 We may refuse to allow a TPP to access your account information if we are concerned about fraudulent or unauthorised access by that TPP. Before we do this, we will tell you and explain our reasons for doing so, unless it is not reasonably practicable, in which case we will tell you immediately afterwards. In either case, we will tell you in the way which we consider most appropriate in the circumstances. We won't tell you where doing so will undermine our reasonable security measures or otherwise be unlawful.
- 5.3 We may make available to a TPP a specific means of accessing your account. If we do, and it tries to access your account by a different way, we may refuse to allow that access.
- 5.4 If you use a third party card issuer they may be able to request confirmation from us that you have the necessary credit available on your Business Account for them to approve a Card Transaction. We will only respond to a request if you have given us explicit consent to do so.
- 6 Real Card Numbers and Virtual Card Numbers**
- 6.1 The Customer can, via the Programme Administrator apply for additional RCN Account(s) (with an associated RCN and RCN Account Limit) at any time by completing the appropriate application form. All requests will be subject to the Bank's normal credit review and approval process.
- 6.2 The Customer can, via the Programme Administrator enable Cardholders to generate one or more VCNs linked to an RCN by accessing the relevant Online Servicing Capabilities or using any batch or automated systems where this has been provided as part of the Services.
- 7 Monthly statements and Repayment**
- 7.1 If there have been any Card Transactions on one or more RCN Account(s), the Bank will prepare a Business Account Statement and RCN Account Statement(s) and provide such statements or, upon request, make them available to the Customer (via the Programme Administrator) once in each calendar month. The Business Account Statement will constitute a proper demand for payment. The Customer (not the Cardholder) is liable to make payment of the full amount outstanding on Business Account Statement from the Payment Account.
- 7.2 The Business will open and maintain with the Bank during the term of this Agreement the Payment Account using the form provided by the Bank and provide the Bank with the Debit Authority at the time of entering into this Agreement.
- 7.3 We will debit the Payment Account no sooner than 14 Business Days and no later than 30 Business Days from the date of the Business Account Statement. The Bank will debit the amount due under the Business Account Statement from the Payment Account. The Customer will be liable to pay the Bank all amounts so debited and all Charges at the times set out in the Agreement. Direct Debits will be credited to the Business Account and reduce your outstanding balance on the day we receive them if a Business Day, and if not a Business Day then the next Business Day following the day of receipt.
- 7.4 We recommend that the Customer check the Business Account Statement and each RCN Account Statement, promptly on receipt. If there is an entry which seems to be wrong the Customer should tell us as soon as possible in accordance with Clause 13.2 so that we can investigate. Delay in notification may make correcting the error difficult. If we need to investigate a transaction on any account the Customer agrees to co-operate with us and the police, if we need to involve them.
- 7.5 Subject to Clause 13, the Customer is solely responsible to the Bank for all Card Transactions incurred on any RCN Account. In addition to its other payment obligations, the Customer must repay to the Bank, on demand, the amount of any excess over the Scheme Limit, any arrears and any Card Transactions made in breach of the Agreement.
- 7.6 Payments reduce balances on the applicable RCN Account(s) in the following order: Late payment fee; Card Transaction fee; old balances; new balances.
- 7.7 Notwithstanding any of the terms or provisions of this Agreement, the whole of the outstanding balance due to us shown on the Business Account under the terms of the Agreement will become immediately due and payable by the Customer without demand or notice from us if:
- the Business is in breach of any of the provisions or undertakings of the Agreement; or
 - the Business is Insolvent.
- 8 Customer's Liability for Programme Administrator, Corporate Administrators and Cardholders**
- 8.1 The Customer will be liable for any direct or indirect loss incurred by any member of the Lloyds Banking Group if a Programme Administrator, Corporate Administrator or Cardholder (including those that no longer use the Services) fails to observe the terms of this Agreement or any System Terms or any additional terms and conditions applicable to an additional security code or measure issued or required by the Bank as notified to the Customer from time to time in accordance with the terms of this Agreement or acts improperly or unlawfully in relation to the VCN and RCN or a Card Transaction, and any such loss shall be debited by the Bank to the Business Account

8.2 The Customer will ensure that any Programme Administrator, Corporate Administrator or Cardholder is not on the current consolidated list of asset freeze targets designated by the UN, the EU and the UK and maintained by HM Treasury.

9 Requirements for Scheme

The minimum Scheme Limit shall be at least £25,001 and the Scheme will only be available to a Customer which is carrying on the Scheme in the course of its business and to whom the provisions applicable to 'regulated agreements' under the Consumer Credit Act 1974 or any replacement or amendment thereto do not apply.

10 Charges

- 10.1 The Bank will specify the relevant Charges from time to time. For further details of these charges please refer to your relationship manager. Any Charges will be debited to the Payment Account. Charges will not be refunded in the event that you or we terminate this agreement in accordance with Clause 14.
- 10.2 If a volume rebate or non-standard pricing has been agreed with your relationship manager, this amount may be subject to amendment if there is a change in the law impacting interchange or any amendment to interchange rates by Mastercard or for any other reason of which we will notify you in accordance with the terms of this Agreement.
- 10.3 If we change our charges, or introduce a new charge specifically relating to this product, we will contact you direct, at least 30 days before the change takes effect.

11 Non-payment/arrears

- 11.1 The Customer will pay the relevant Charges on any sum that it does not pay within the times specified in Clause 7.3.
- 11.2 The Bank may also charge the Customer a sum to cover its reasonable costs incurred in collecting any sum not paid on time or resulting from any other breach of this Agreement.
- 11.3 You should let us know as soon as possible if your business is experiencing financial difficulties. We will always seek to help you and develop a plan with you for dealing with your financial difficulties.

12 Lost or Stolen Cards

- 12.1 If a RCN is lost or stolen or you consider that it is liable to misuse for any reason, the Programme Administrator must notify the Bank as soon as possible by telephone on 0345 602 9535 (if abroad, +44 1908 049026), this customer service helpline is available 24 hours a day seven days a week for lost or stolen RCNs. The Bank may ask for written confirmation within seven days. The Customer will need to provide the 16 digit account number of the RCN. The Customer will be responsible for all losses arising from unauthorised Card Transactions until it or the Cardholder notifies the Bank in accordance with this Agreement.
- 12.2 If you consider that a VCN is liable to misuse for any reason, the Programme Administrator must use the Online Servicing Capabilities to cancel the VCN or notify the Bank as soon as possible by telephone on 0345 602 9535 (if abroad, +44 1908 049026). The Customer should provide to the Bank written confirmation within seven days of cancellation via email to BankofScotlandCorpCards@tsysmsema.com. The Customer will need to provide the last 4 digits of the VCN and the card alias name for the RCN. The Customer will be responsible for all losses arising from unauthorised Card Transactions until it cancels the VCN in accordance with this Agreement.
- 12.3 The Customer will and shall procure that the Programme Administrator or Cardholder (as appropriate) will assist us or our agents in the investigation of the loss, theft or possible misuse of the RCN or VCN. The Customer consents to the disclosure of any relevant information concerning the relevant RCN Account in connection with such matters.
- 12.4 For the avoidance of doubt the Programme Administrator(s), Corporate Administrators and Cardholders will not be liable to the Bank for anything under this Clause.

13 Disputed Amounts and Chargebacks

- 13.1 The Customer may only dispute amounts on a Business Account Statement or RCN Account Statement (together referred to as the 'Statement' in this Clause 13) that it believes to be incorrect if:
- 13.1.1 the amount shown on the Statement does not reflect the actual face value of the Card Transactions made;
- 13.1.2 the Card Transactions shown on the Statement did not result from the use of the VCN;

13.1.3 the Statement reflects Charges not properly made; or

13.1.4 the Customer is not liable for that amount or part of that amount under Clause 18.

- 13.2 The Customer must notify the Bank in writing, or by telephone on 0800 096 4496 (if abroad, +44 1908 544059) of any dispute in relation to any amount on the Statement without undue delay and in any event within 30 days of the Statement date. The Bank will promptly investigate the disputed amount and determine whether it is the responsibility of the Customer. Until this investigation is completed, conditional credit of the disputed amount will be applied to relevant RCN Account. If the Bank resolves that the disputed payment is payable, the Customer will remit the disputed amount to the Bank on the next standard Statement payment date. Any related charges will be suspended while any disputed payment is investigated, but will be imposed retrospectively if the Bank determines that the disputed amount is payable by the Customer.
- 13.3 The Customer must immediately notify the Bank in writing if it suspects that a Card Transaction involves fraud, unauthorised use or any other circumstances where a Supplier may be liable under Mastercard chargeback rules. The Bank will attempt to charge the Card Transaction back to the Supplier under Mastercard procedures. This will not relieve the Customer of liability for the Card Transaction unless the chargeback to the Supplier occurs, in which case the amount of the Chargeback will be credited to the next Statement following receipt from the Supplier.

14 Term and Termination

- 14.1 This Agreement shall continue in force for the Initial Term and thereafter shall remain in force until terminated in accordance with the following provisions of this Clause 14.
- 14.2 Subject to this Clause 14, either party may terminate this Agreement at any time during or after the Initial Term by giving the other party not less than 6 months' prior written notice.
- 14.3 On termination of this Agreement, howsoever occurring the Customer must repay the outstanding balances on the Business Account (including any payments made but not yet debited to the account) and any Charges that remain outstanding.
- 14.4 We may terminate this Agreement, or at our option, suspend the supply of the Services immediately by notice to you on the occurrence of any of the following events:
- 14.4.1 you materially breach any of your obligations under this Agreement;
- 14.4.2 you breach any of your obligations under this Agreement unless where they are capable of remedy you remedy those breaches within 14 days of being notified by us of such breach;
- 14.4.3 you use the Services for or in connection with any purpose which is or may be unlawful; or
- 14.4.4 you are declared or become Insolvent.
- 14.5 If, at any time before the end of the Initial Term, you:
- (i) terminate the Agreement for any reason; or
- (ii) end your relationship with the Bank; you agree to pay (and agree that we may debit such sum from the Payment Account within 14 days of our written notice to you) a sum equal to the proportion of the Implementation Clawback (as specified for Year 1 in Schedule 2 (if applicable)) (that proportion to be calculated on a pro-rated basis by dividing the Implementation Clawback by 12 and multiplying it by the number of months remaining in the Initial Term).
- If you are not a Micro-Enterprise or a Charity, for the purposes of this clause, Schedule 2 and any other related term or definition in this Agreement you agree that Regulation 51(3) of the Payment Services Regulations does not apply to you.
- 14.6 If we or you end your relationship with the Bank for any reason this Agreement will terminate automatically without further act of the parties. In the event that an Affiliate's relationship with us is terminated or its Business Account is closed, those elements of the Service and this Agreement which are relevant to such Affiliate shall automatically terminate without further act of the parties. Clause 14.3 shall apply in the event of termination under this Clause 14.6.
- 14.7 We may terminate this Agreement on termination of the Mastercard Processing Services Agreement for any reason. We will provide as much notice as we are reasonably able to provide.

14.8 We may cancel or suspend the right to use one or more of the RCNs/VCNs entirely or in respect of a specific RCN/VCN function, or refuse to renew, replace or reissue a RCN/VCN on reasonable grounds relating to (a) the security of the RCN and the Service; (b) the suspected unauthorised or fraudulent use of the RCN/VCN or (c) the Customer's ability to repay any credit advanced to it. If we cancel or suspend use of a RCN/VCN or intend not to renew, replace or reissue a RCN/VCN, we will tell you as soon as possible and advise you of the reason or reasons unless the law prevents us from doing so or it would undermine our security measures.

If we refuse a Card Transaction then you can call us on 0800 096 4496 (if abroad, +44 1908 544059) or write to us at Bank of Scotland Card Services, PO BOX 6061, Milton Keynes MK7 8LE to find out why we have refused and whether there is anything you can do to deal with the problem that led to our refusal (unless the law prevents us from telling you).

The Customer's obligations under this Agreement will continue in force and the Customer will remain liable to us for all outstanding Card Transactions and any Charges payable until payment is made of the full outstanding amount.

14.9 The Customer will ensure that the Business Account will remain open at least until all outstanding Card Transactions have been processed and until all amounts outstanding have been paid to us.

14.10 You may also terminate the Agreement in accordance with Clause 15 (Changes to the Terms and Conditions).

14.11 On termination of this Agreement for any reason:

14.11.1 your use of the Service shall cease with immediate effect and we shall not be required to take any further action in respect of any instructions received from you even if received prior to the date of termination;

14.11.2 within 7 days of the date of termination, you shall make satisfactory arrangements for the return to us of all materials relating to the Service, equipment or items (including any System Terms) supplied by us to you for use in connection with the Service; and

14.11.3 the accrued rights of the parties as at termination, or the continuation after termination of any provision that is intended to apply after termination, shall not be affected or prejudiced.

15 Changes to Terms and Conditions

15.1 Without affecting our right to vary our Charges (as set out in Clause 10 above), we may at our discretion make changes to this Agreement at any time, including but not limited to changes to ensure compliance with legal or regulatory requirements, to rectify errors or omissions or to take account of reorganisations within the Lloyds Banking Group, to change the scope of the Service, to improve security or to take account of changes to systems (including payment systems) or rules applicable thereto. Changes will be notified to you in writing by post or by e-mail and in either case we may direct you to www.bankofscotlandbusiness.co.uk where details of the change are posted.

15.2 If we intend to make changes to these terms and conditions, we will give you at least two months' written notice before the changes come into effect, unless the changes are required due to a change in relevant legislation or regulations and we are prevented from giving you two months' written notice. In those circumstances, we will give you as much written notice as possible.

15.3 We will notify you of changes to these terms and conditions by post, by e-mail, through any online service which you receive from us or in any other way which we have agreed with you. In the notice, we may direct you to our Website where the most recent terms and conditions are posted. During the period before a change comes into effect, you may reject the change, provided that you notify us of this in writing. In such circumstances, your notice of rejection of the change will be deemed to be a notice that you wish to stop receiving the Services and the Agreement will terminate on the day before the change takes effect. You will not incur any additional charges as a result of choosing this course of action. If you do not notify us before a change comes into effect, we will treat you as if you have accepted the relevant change.

15.4 If we add new products or services to the Agreement or add to the ways that you can use the Services (and this does not otherwise change these terms and conditions), this will not be treated as a change and, as a result, we will not be required to give two months' written notice of this to you.

15.5 Changes to the Payment Scheme Exchange Rate will take effect immediately as such changes are made by Mastercard.

15.6 If we have made a major change or a lot of minor changes in any one year, we will send you a new copy of the new terms and conditions or a summary of the changes or direct you to www.bankofscotlandbusiness.co.uk where the latest terms and conditions and/or a summary of the changes are posted.

Copies of the latest documents comprising this Agreement are available on request from your relationship manager.

16 Refunds for incorrect payment amounts/sums

16.1 For Card Transactions where the exact amount of the payment was not specified when you or a Cardholder gave authorisation for the Card Transaction, we will refund the amount of the payment (and any related interest and charges directly incurred by you) if:

16.1.1 the amount of the payment is more than you could have reasonably expected to pay taking into account the previous spending pattern on the relevant RCN Account, the Agreement and any other circumstances relevant to you, the Cardholder, or the payee; and

16.1.2 you request the refund from us within eight weeks from the date that the amount was debited from the Business Account.

16.2 You will not be entitled to a refund if you or the relevant Cardholder gave authorisation for the Card Transaction directly to us and the amount of the payment was provided or made available to you or the Cardholder at least four weeks before the due date for payment.

16.3 Before providing a refund to you, we may ask you to provide us with any information that we reasonably require so that we can ensure that you satisfy the requirements for a refund.

16.4 Within 10 Business Days of the later of:

16.4.1 our receipt of your request for a refund; or

16.4.2 our receipt of any information that we ask you to provide, we will provide you with a refund or inform you why you are not entitled to a refund. If you are not happy with our decision, you can contact your relationship manager or make a complaint to us. Further details about our complaints procedure are set out in clause 20.

16.5 Beyond the responsibility set out above, we will have no further responsibility to you in respect of a Card Transaction which has been initiated by a payee under the circumstances set out in this clause 16.

17 Refunds for unauthorised transactions

17.1 Subject to clauses 17.2 and 17.3 and if a Card Transaction was not authorised by you or the relevant Cardholder (and subject to any responsibility that you may have under clause 18), we will refund the amount of the Card Transaction and, where applicable, restore the Business Account to the state in which it would have been had the unauthorised transaction not taken place by the end of the next Business Day, provided that you notify us without undue delay on you or a Cardholder becoming aware of the unauthorised transaction, and in any event within 13 months of the date that the payment was debited from the Business Account. You can find details of how to contact us in clause 12.

17.2 In some circumstances, we may investigate whether you are entitled to a refund before providing a refund and we may ask you to provide us with any information that we reasonably require as part of such investigation. In other circumstances, we may provide a refund and subsequently investigate. If, through our subsequent investigations, we discover that you were not entitled to a refund, we may debit the refunded amount from the Business Account. We will give you reasonable notice in advance of doing so.

17.3 When we are assessing whether a Card Transaction was authorised by you:

17.3.1 if you are not a Micro-Enterprise or a Charity, you agree that Regulation 75 of the Payment Services Regulations does not apply to you and that therefore it is your responsibility to prove that a payment was not authorised by you or the relevant Cardholder and we can treat the use of any an RCN or VCN as sufficient evidence to show that the payment was authorised by you or the Cardholder or that you acted fraudulently or with intent or gross negligence failed to take any of the actions set out in clauses 18.1.3 or 18.1.4; and

17.3.2 if you are a Micro-Enterprise or a Charity, we cannot necessarily treat the use of an RCN or VCN as sufficient evidence of the above, although this is one of the factors that we will take into consideration.

17.4 Beyond the responsibility set out above, we will have no further responsibility to you for unauthorised transactions.

18 Your responsibility for unauthorised transactions**Your responsibility if you are a Micro-Enterprise or a Charity**

- 18.1 If you are a Micro-Enterprise or a Charity, subject to Clause 18.2, you will be responsible for any losses incurred in respect of an unauthorised transaction arising from:
- 18.1.1 the use of a lost or stolen RCN and/or VCN; or
 - 18.1.2 the misappropriation of an RCN and/or VCN due to you failing to keep the personalised security features of the RCN and/or VCN safe, up to a limit of £35 or currency equivalent per instance of loss, theft or misappropriation, unless you have acted fraudulently or you have intentionally or with gross negligence failed to:
 - 18.1.3 take all reasonable steps to keep the personalised security features of the RCN and/or VCN safe;
 - 18.1.4 use the RCN and/or VCN in accordance with the Agreement; or
 - 18.1.5 notify us in the agreed manner and without undue delay on becoming aware of the loss, theft, misappropriation or unauthorised use of the RCN and/or VCN,
- in which case your responsibility for losses will be unlimited.
- 18.2 Unless you have acted fraudulently, you will not be responsible for any losses arising:
- 18.2.1 after you have notified us in the agreed manner of the loss, theft, misappropriation or unauthorised use of the RCN and/or VCN;
 - 18.2.2 if we fail to provide you with the means for you to notify us of the loss, theft, misappropriation or unauthorised use of the RCN and/or VCN (unless clause 23 applies to us);
 - 18.2.3 from the use of the RCN or VCN, security device and/or security details used without your permission before you receive them; or
 - 18.2.4 if we fail to apply procedures that we are legally required to use to check that a payment has been authorised by you or a Cardholder.

Your responsibility if you are not a Micro-Enterprise or a Charity

- 18.3 You will be responsible for any losses incurred in respect of an unauthorised transaction arising from:
- 18.3.1 the use of a lost or stolen RCN and/or VCN; or
 - 18.3.2 the misappropriation of an RCN and/or VCN due to you failing to keep the personalised security features of the RCN and/or VCN safe.
- 18.4 You agree that Regulation 77 of the Payment Services Regulations does not apply to you and that therefore your responsibility for losses will be unlimited.
- 18.5 Unless you have acted fraudulently, you will not be responsible for any losses arising:
- 18.5.1 after you have notified us of the loss, theft, misappropriation or unauthorised use of the RCN and/or VCN;
 - 18.5.2 if we fail to provide the means for you to notify us of the loss, theft, misappropriation or unauthorised use of the RCN and/or VCN (unless clause 23 applies to us);
 - 18.5.3 from the use of the RCN or VCN, security device and/or security details used without your permission before you receive them; or
 - 18.5.4 if we fail to apply procedures that we are legally required to use to check that a payment has been authorised by you or a Cardholder.

19 General

- 19.1 We recommend that you retain a copy of all of the documents that make up the Agreement. If you would like a copy of all or any of the documents that make up the Agreement, you can contact your relationship manager who will provide you with a copy. You can also find a copy of these terms and conditions on our Website.
- 19.2 No member of Lloyds Banking Group will be liable for any breach of this Agreement or failure by us to fulfil our obligations or any act or omission of suppliers or agents which in each case occurs for reasons beyond our or any such supplier's or agent's reasonable control or because of industrial action or the failure of any of our or any such supplier's or agent's machines, data processing systems or transmission links.

- 19.3 No member of Lloyds Banking Group will be liable under or otherwise in connection with this Agreement for (i) any consequential or indirect losses; or (ii) any loss of profit you incur, in each case whatsoever and howsoever arising.
- 19.4 No member of Lloyds Banking Group will be liable for refusal of any other bank, cash terminal or other machine or Supplier to accept or honour the VCN, nor will any such member be responsible in any way for the goods and services supplied to the Customer or any Cardholder.
- 19.5 Any complaints by either a Cardholder or the Customer with a Supplier must be resolved by the Customer with such Supplier and no claim by the Customer or a Cardholder against any Supplier may be the subject of a claim or counter-claim against any member of Lloyds Banking Group.
- 19.6 The Bank accepts no responsibility if a request for authorisation is declined or if a VCN is not accepted in payment nor for any loss or damage resulting from the way either is communicated to the Customer or Cardholder.
- 19.7 No delay, neglect or forbearance on our part in enforcing any term or condition of the Agreement will either be deemed to be a waiver or in any way prejudice any right of the Bank under the Agreement
- 19.8 Where the Customer consists of two or more persons, this definition means all or any of them and their liability will be joint and several.
- 19.9 If we are told that money has been paid into your Business Account by mistake, we can take from your account an amount up to the mistaken payment amount. We do not have to ask you to agree to this, but will let you know if it happens. We will act reasonably and try to minimise any inconvenience to you. If we are unable to return funds to the sender, we can give them details about you and your Business Account so they can recover the money from you.

20 Our service promise

We aim to provide the highest level of customer service possible. If you experience a problem, we will always seek to resolve this as quickly and efficiently as possible. If you would like a copy of our complaint procedures, please contact your relationship manager or any of our offices. You can also find details on our website, at www.bankofscotlandbusiness.co.uk.

21 Notices

- 21.1 All notices by the Customer shall be sent by first class post to or delivered by hand to the relevant address of the Bank. All notices or other communications by the Bank to the Customer may be sent by first class post or delivered by hand to the relevant address of the Customer or sent by e-mail to the relevant e-mail address notified to the Bank.
- 21.2 The address for any such notice:
- 21.2.1 for the Bank, will be either your relationship manager or Lloyds Banking Group 25 Gresham Street, London, EC2V 7HN.
 - 21.2.2 for the Customer will be the address given on the application form for this Agreement or otherwise notified by the Customer to the Bank.
 - 21.2.3 may be changed by either party by giving seven days' notice in writing to the other.
- 21.3 This agreement is in English and all notices or other communications between the Bank and the Customer shall be in the English language.
- 21.4 We will use your contact details and appropriate secure procedures to let you know if we suspect fraud or a security threat, or if there has been a major operational or security incident which may affect you.

22 Assignment

- 22.1 The Bank may assign or otherwise transfer its rights under this Agreement in whole or in part. It may delegate or sub-contract any of its obligations under this Agreement but remains liable for these obligations and for its sub-contractors.
- 22.2 The Customer may not assign or otherwise transfer any of its rights or obligations under this Agreement without the prior written consent of the Bank.

23 Force Majeure

- 23.1 Force Majeure means an event or abnormal and unforeseeable circumstance beyond the reasonable control of the affected party impacting its ability to perform any of its obligations under this Agreement (other than as to payment) which does not relate to its fault or negligence.

Force Majeure includes, for example and without limitation, acts of God, expropriation or confiscation of facilities, any form of war, hostilities, rebellion, terrorist activity, local or national emergency, sabotage or riots, floods, fires, explosions or other catastrophes or natural disasters, compliance with a law or governmental order, rule, regulation or direction, or failure of equipment, software or communications network (including the SWIFT network) or other circumstances affecting the supply of goods or services.

23.2 A party shall not be responsible for failure to carry out any of its duties under this Agreement (other than as to payment) to the extent to which such failure is caused by Force Majeure, provided that, the affected party:

23.2.1 has taken all reasonable steps to prevent and avoid the Force Majeure;

23.2.2 carries out its duties to the best level reasonably achievable in the circumstances of the Force Majeure;

23.2.3 takes all reasonable steps to overcome and mitigate the effects of the Force Majeure as soon as reasonably practicable;

23.2.4 on actually becoming aware of the Force Majeure, as soon as practicable informs the other party that something has happened which is a Force Majeure, giving details of the Force Majeure, which services have been affected, the steps being taken to overcome and mitigate it, and a reasonable estimate of the period during which the Force Majeure will continue and confirming this information to the other party in writing as soon as reasonably practicable; and

23.2.5 informs the other party as soon as possible when the Force Majeure has stopped.

24 Severability

Should any part of this Agreement be found to be unenforceable, it shall not affect the rest of the Agreement, and the parties will seek to give the unenforceable part effect to the maximum degree permitted by law.

25 Governing Law

25.1 The Agreement and any non-contractual obligations which arise out of the Agreement are governed by the law of England and Wales and you and we both agree that the courts of England and Wales have exclusive jurisdiction to determine any dispute arising out of or in connection with the Agreement, including in relation to any non-contractual obligations unless you are:

25.1.1 a company or other incorporated body and your registered office is in Scotland;

25.1.2 a sole trader and your business operates from Scotland;

25.1.3 an unincorporated body and your central management and control is exercised from Scotland; or

25.1.4 a Charity based in Scotland,

in which case, the Agreement and any non-contractual obligations which arise out of the Agreement will be governed by the law of Scotland and you and we both agree that the courts of Scotland have exclusive jurisdiction to determine any dispute arising out of or in connection with the Agreement, including in relation to any non-contractual obligations.

26 Intellectual Property and Data Protection

26.1 You acknowledge and agree we and/or our licensors own all intellectual property rights in the Services (but not information uploaded into the Services by you or your affiliates) including any copyright, database rights, trade secrets, trade names, trade marks (whether registered or unregistered) and any other rights and licences in respect thereof and you are entitled to use them solely for the purpose of and the extent necessary for access to and use of the Services. You have no right to grant a sub-licence to any third party.

26.2 You grant to us an irrevocable right to use all information supplied by you to us solely for the purpose of supplying the Service and you will ensure that any person that you authorised to access and use the Service shall permit us to use the information related to that person for all purposes in connection with the supply of the Service.

26.3 Both parties shall comply with all relevant data protection and privacy laws and regulations when using the Service. To the extent that either party accesses the Service from any country outside the European Economic Area or transfers data about an identified or identifiable individual ("Personal Data") it shall take all appropriate measures to ensure that

Personal Data is processed in accordance with the provisions of the Data Protection Act 1998 (and any amendments or replacement thereof) as if the same were applicable and also in accordance with the relevant laws and regulations applicable in the country in question. We will only process Personal Data as is necessary to provide the services under this Agreement and as directed by you.

26.4 Before giving us or any of our group companies information about individuals, you must confirm that those individuals have appointed you to act for them to consent to the processing of their personal data for the purpose of the performance of the Agreement and to the transfer of that information abroad and to receive any data protection notices on their behalf. By providing the information, you represent to us that this is the case.

26.5 You give us your explicit consent (or have obtained the explicit consent of the relevant individual) for us to access, process and keep any personal information that you provide to us for the purposes of providing payment services to you. This won't affect any rights any of us have under data protection legislation. You can withdraw your consent by ending your agreement with us.

SCHEDULE 1

THE SERVICES

Summary

The Bank's ePay Virtual product is a powerful and flexible solution with advanced authorisation controls and transaction routing capabilities designed to provide Customers with value-added features for transactions made using an enrolled Mastercard branded payment product.

ePay Virtual complies with existing card authorisation message types and data element specifications. Card Transactions must be authorised online by the authorisation system on the Mastercard Worldwide Network for processing by the ePay Virtual solution.

All ePay Virtual applications consist of the integration and configuration specific options chosen by the Customer that incorporates select components of ePay Virtual functionality.

Authorisation Controls

If selected as part of the Services, the Programme Administrator may (with support from the Bank, as reasonably required) configure authorisation controls for any individual VCN requested by a Cardholder including (a) purchase amount/spending limit, (b) purchase type, (c) validity period, and (d) specify relevant Supplier(s) where the VCN can be used.

Application Interface Options

There are four types of web interfaces, each with specific functionality, available to the Customer which shall be selected by the Customer prior to implementation of the Services:

- User Interface
- Batch Interface
- XML Application Programming Interface (API)
- Purchase and Pay - SML API

User Interface

A web-based application that allows a user to login and request a VCN. Additionally, approval flows can be configured, to have a requestor and approver (if applicable) review prior to receiving a VCN.

If selected as part of the Services the Customer may (with support from the Bank, as reasonably required) create a bespoke VCN approval process which (i) allows Cardholders to request the generation of a VCN (linked to a RCN) to make purchases on behalf of the Customer by accessing the Online Servicing Capabilities; and (ii) provides for each Cardholder request for a VCN to be sent for review and approval by the Customer using a workflow management process defined by the Customer.

Batch Interface

Leveraging real-time file feeds (XML) from a payables system, a Customer can request a batch of VCNs for payments. ePay Virtual returns the payments file with VCNs.

The Batch Interface application components can be integrated into the Customer developed web-based front-end systems.

XML Application Programming Interface (API)

Leveraging real-time file feeds a Customer sends an API message to ePay Virtual, requesting the VCN. ePay Virtual quickly responds with a VCN to enable immediate use.

Integration required with touch points at the Customer specified location(s) or at other approved third party providers to access data and services via the real time API:

- The Customer may use the API to integrate ePay Virtual services into their existing website, such as, to perform real time requests for VCNs.

Other approved third party entities may use the API to integrate ePay Virtual services into an external system, such as, your e-procurement or in-house purchasing system, to perform real-time requests for VCNs.

Purchase and Pay - XML API

The Purchase and Pay solution requires integrating ePay Virtual with touch points at the Customer specified location(s) and third party eMarketplace solutions to access data and services via the real time API to create a full end-to-end solution.

The Purchase and Pay solution:

- Enables third party involvement to create a VCN once the purchase order has been accepted by the supplier.
- Allows suppliers to receive purchase orders generated by the buyer electronically. On acceptance of this purchase order, the supplier can automatically raise an electronic invoice and get paid promptly for the goods and services.

Where a Customer requests a Purchase and Pay solution the Bank will only be responsible for the scope of Services outlined in this Agreement.

Where third party organisations integrate with ePay Virtual for the Purchase and Pay solution, the Bank is not responsible for any of their activities.

ePay Virtual features

The ePay Virtual solution provides the Customer with the following key product features:

- Generation of unique VCNs linked to a RCN.
- Enhanced authorisation controls whereby spending can be controlled in various ways including purchase amount, purchase type, validity period and supplier.
- Flexible, user-configurable workflow model to support the request, review and approval or purchase requests received via the hosted website (for User Interface integrations only).
- Integration via real-time API with Customer entities, e-procurement or in-house purchasing system, to perform real-time requests for VCNs (for API integrations only).
- Support of the VCNs for enhanced data reporting in Management Information systems (Bank's Smart Data Online product) and acting as a unique identifier for the reconciliation.
- Ability to enhance addenda information for up to 29 custom fields (cost allocation fields).

Customer Installation and Configuration

The Bank will undertake the following activities in ePay Virtual during initial implementation:

- Enrol the Customer in ePay Virtual.
- Set up the Programme Administrator for the Customer
- Register RCNs that can be used by the Customer.

Once enrolled the Bank Programme Administrator or Programme Administrator can access the User Interface to set up and manage programmes for internal users. The following activities can be performed by the Bank Programme Administrator or Programme Administrator via the ePay Virtual User Interface:

- Establish purchase types which, depending on the category, may involve;
- The assignment of enabled Merchant Category Codes.
- The identification of optional and/or required enhanced cost allocation data in connection with purchases.
- Create groups of users and, depending on the product, approvers, which involves the assignment of permissions to the group (e.g. purchase types, purchase limits etc.).
- Register users/approvers and assign to groups.
- Configure preferred suppliers to allow users creating payments to attach a VCN to a given supplier.
- Resent passwords.
- Review user activity, such as, VCN request/approval and transaction activity e.g. authorisation, clearing.

API implementations

The Bank will undertake the following activities to support Customer XML-API implementations:

- Project management
- Establishing certificates and security for access to the ePay Virtual solution
- Consulting on SML guide and test cases
- Customer testing between external systems and ePay Virtual
- Authorisation and clearing testing
- Product support

Security

The ePay Virtual solution provides the Customer with generic security mechanisms, such as:

- Strong authentication for access via the User Interface to specified accounts by authorised users only, front-end username and password checking, traffic secured using 128-bit SSL.
- Strong bi-directional authentication of communications between the ePay Virtual solution and external applications based on digital certificates, digital signature present in each message, traffic secured using 128-bit SSL.
- Data encryption service to protect the Customer's data

Customer Support for ePay Virtual

Following an investigation by the Programme Administrator using the User Interface, should the Customer require ePay Virtual support, this will be provided by the Bank of Scotland Corporate Card Services team.

This is the Customer's first point of contact to report problems with the application for the ePay Virtual solution or to direct questions on the use of ePay Virtual such as:

- Cannot produce a VCN;
- Approval request not received;
- Transactions denied/declined.

The Bank of Scotland Corporate Card Services team will co-ordinate with other teams as appropriate to resolve the issue according to the Bank's internal escalation procedures.

SCHEDULE 2

ANNUAL TRANSACTION SPEND

- 1 You acknowledge that we will incur a cost of £ in respect of the "Customer Installation and Configuration" and "API Implementations" elements of the Services (the "**Implementation Cost**"). Except where this Agreement terminates before the end of the Initial Term (in which case Clause 13.4 will apply), we will not charge you the Implementation Cost if you meet or exceed the minimum Annual Transaction Spend for each year of the Initial Term, as set out in Table A below..
- 2 The expression "**Annual Transaction Spend**" means the aggregate value (in pounds sterling) of all your Card Transactions in a year, less any chargebacks credited to you in accordance with Clause 12 of this Agreement. A Card Transaction will only count towards the Annual Transaction Spend for the year in which it occurs, and it will not be carried forward to any later year.

Year	Minimum Annual Transaction Spend (£)	Implementation Clawback (£)
Year 1 (i.e. 12 months on and from the Commencement Date)	<input type="text"/>	<input type="text"/>
Year 2 (i.e. 12 months on and from the first anniversary of the Commencement Date)	<input type="text"/>	<input type="text"/>
Year 3 (i.e. 12 months on and from the second anniversary of the Commencement Date)	<input type="text"/>	<input type="text"/>
Year 4 (i.e. 12 months on and from the third anniversary of the Commencement Date)	<input type="text"/>	<input type="text"/>
Year 5 (i.e. 12 months on and from the fourth anniversary of the Commencement Date)	<input type="text"/>	<input type="text"/>

- 3 At the end of each year during the Initial Term we will tell you whether you have met that year's minimum Annual Transaction Spend. If you fail to meet the minimum Annual Transaction Spend for a given year, we reserve the right to charge you the applicable proportion of the Implementation Cost, as set out against that year in table A (the "**Implementation Clawback**"). If we do charge you the Implementation Clawback, you agree to pay a sum equal to the Implementation Clawback within 14 days of our written notice..