

Core Banking Agreement



Bulk Overnight Unencoded Scheme Incorporating Branch Delivery Service

Product & Services
Terms & Conditions



**BANK OF
SCOTLAND**

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Core Banking Agreement
("The Agreement") contains
terms, conditions and
important information that
apply to certain of our
products and services.
Those products and services
can be identified as they
state in the header
Core Banking Agreement.

Important Information

The following documents detail both your and our rights and obligations in relation to the **Products**.



Relationship Terms & Conditions

These contain the general relationship terms and conditions for all **Products** under **The Agreement**;



Product & Services Terms & Conditions

These contain additional terms and conditions for a specific **Product** provided under **The Agreement**; and



General Information On Payments, Charges & Contacts

This contains the general information you will need to know in respect of payments and standard charges under **The Agreement**. Also included are general contact details and information on large print, Braille and call recording.

You need to read

Product & Services Terms & Conditions, relating to a **Product** that we agree to provide to you alongside the Relationship Terms & Conditions and the General Information On Payments, Charges & Contacts.

You can find a copy of each of these at bankofscotland.co.uk/corebankingagreement or request a copy from your relationship team.

the date on which these Product & Services Terms & Conditions are deemed to come into effect, as set out in the application form for these Product & Services Terms & Conditions and notwithstanding the date or dates of execution of the application form for these Product & Services Terms & Conditions.

1. Commission
means the percentage-based commission and/or the margin-based commission, as calculated in accordance with the Pricing Schedule.

disclosed to it lawfully by a party who did not obtain it (whether directly or indirectly) from the Disclosing Party;

iii. was in the public domain at the time of receipt by the Receiving Party or subsequently entered into the public domain other than by reason of breach of the Agreement or breach of any obligation of confidence owed by the Receiving Party or its agents or subcontractors to the Disclosing Party; or

iv. is trivial or obvious,

v. and (for the avoidance of doubt) the iSITE Service and the iSITE Guide are **Confidential Information**.

6. Consent to Rely
means the optional consent to rely set out in the application form for these Product & Services Terms & Conditions.

7. Control
has the meaning given to it by section 840 of the Income and Corporation Taxes Act 1988.

8. Control Account
has the meaning given to it in clause 23.6.

9. Designated Client Account
means any account held by us in your name and which is designated as holding funds beneficially owned by one or more Clients who are named or otherwise identified in the title of that account.

the meaning given to it by section 1159 of the Companies Act 2006.

10. Intellectual Property Rights
means all patents, trade or service marks, registered designs, copyrights, design rights, database rights, rights to extract information from a database, know how or any other industrial or commercial property right whether future or presently existing and any application for the foregoing.

11. Internal Payment Instruction
means an instruction to transfer money electronically from an Account held in an Account Group to another Account held in the same Account Group or in another Account Group.

► ACCOUNT

means any Undesignated Account, Designated Client Account or Client Own Name Account or any other account type identified by us in writing from



1. Definitions

- 1.1 Words and expressions as defined in the Relationship Terms & Conditions and the General Information On Payments, Charges & Contacts have the same meaning in these Product & Services Terms & Conditions unless otherwise stated in these Product & Services Terms & Conditions. We also use the following defined terms throughout these Product & Services Terms & Conditions.

Agency Customer

means any agency bank to which we have agreed to provide the **Scheme**.

BGC

means bank giro credit form.

Branch Delivery Service

means the service detailed in Annex 3 of these Product & Services Terms & Conditions.

Charges

means the applicable charges for the **Scheme** payable by you to us and referred to in clause 5.

Customer Bulk Cheque Preparation Sheet

means the sheet provided by us to you detailing the way that cheque deposits and **BGCs** and credit slips should be presented into the clearing.

DCV

means the document control voucher supplied by us and filled in by you when preparing cheques for collection.

Non-Agency Customer

means any customer to which we have agreed to provide the **Scheme** other than an agency bank.

Quarter Day

means any of 28th February, 31st May, 31st August and 30th November.

Scheme

means the Bulk Overnight Unencoded Scheme provided pursuant to these Product & Services Terms & Conditions.

Security Company

means the security company approved by us and contracted by you (and acting solely on your behalf) to transport the cheques from you and deliver the same to our clearing centre.

2. General

- 2.1 We will act as your clearing agent for the purpose of conducting the collection of English, Welsh, Scottish and Northern Irish cheques in accordance with these Product & Services Terms & Conditions.



CLEARING AGENT

We will act as your clearing agent for the purpose of conducting the collection of English, Welsh, Scottish and Northern Irish cheques.

3. Operations Procedure

- 3.1 If you are a **Non-Agency Customer**, the operations procedure set out in Annex 1 applies to you.
- 3.2 If you are an **Agency Customer**, the operations procedure set out in Annex 2 applies to you.

4. The Scheme

- 4.1 We shall perform the **Scheme** with reasonable skill and care and take reasonable steps to ensure that no cheques are lost or damaged or destroyed whilst in our actual physical possession and/or control.
- 4.2 In the event of loss of cheques received by us, you irrevocably authorise us to debit your account.
- 4.3 You are required to enter into a separate contract with a **Security Company** for deliveries into the clearing centre, unless it has been agreed with us that you will use the **Branch Delivery Service** (in which case, the terms set out in Annex 3 of these Product & Services Terms & Conditions will also apply to you).

- 4.4 You acknowledge that we are acting as your agent in the collection of cheques and we shall (save to the extent that we are negligent) have a right of indemnity against you in respect of claims by third parties against us for conversion of cheques or for money had and received.
- 4.5 We undertake to use reasonable endeavours to process all cheques received by us within the proposed timescales set out in these Product & Services Terms & Conditions.
- 4.6 The **Scheme** is designed for sterling cheques drawn in England, Scotland, Wales and Northern Ireland and postal orders issued by the Post Office. The **Scheme** is not designed for cash, foreign cheques, drafts, payment orders and other non-clearing items and these are not provided for under these Product & Services Terms & Conditions.

- 4.7 Nothing in these Product & Services Terms & Conditions limits or excludes our liability in any way under the sections titled "Refunds for incorrectly executed payment instructions", "Refunds for incorrect payment amounts/sums" and "Refunds for unauthorised transactions" in the Relationship Terms & Conditions. Any limitation on your liability under the section titled "Your responsibility for unauthorised transactions" in the Relationship Terms & Conditions will not be affected or prejudiced by any term of these Product & Services Terms & Conditions.

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- The Scheme is designed for sterling cheques drawn in England, Scotland, Wales and Northern Ireland and postal orders issued by the Post Office.
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5. Charges

- 5.1 We will provide the **Scheme** as set out in these Product & Services Terms & Conditions at the **Charges** set out within General Information On Payments, Charges & Contacts (and as amended by us from time to time in accordance with the Relationship Terms & Conditions).
- 5.2 The **Charges** will be calculated quarterly for the period ending on each **Quarter Day** each year and will be notified in writing to you within 30 days of the respective **Quarter Day**. The notice will be given to you in advance of any **Charges** being debited to the bank account agreed between you and us.
- 5.3 If any error in the **Charges** is notified by you to us, we will take all reasonable steps as necessary to promptly rectify any such error in a manner agreed between you and us.

6. Contact Details

- 6.1 You can contact us through your relationship team by using the contact details given to you when you applied for the **Scheme**, or by such other contact methods as we may from time to time advise you.
- 6.2 Further contact details are set out within General Information On Payments, Charges & Contacts.

7. Other terms

- 7.1 Each of our services and products have separate terms and conditions applying to them (including in the form of other Product & Services Terms & Conditions).
- 7.2 These Product & Services Terms & Conditions apply to the **Branch Delivery Service** only. Subject to clause 7.3 and clause 7.4, if separate terms and conditions (including in the form of other Product & Services Terms & Conditions) are provided to you by us for the supply by us of any of our other services or products (either electronic, automated or other), the provisions of any such separate agreements will apply to those products and services.
- 7.3 To the extent of any conflict between these Product & Services Terms & Conditions and any other separate terms and conditions relating to the supply of the **Branch Delivery Service** you receive from us, these Product & Services Terms & Conditions will take precedence.
- 7.4 To the extent of any conflict between these Product & Services Terms & Conditions and any other separate terms and conditions relating to the supply by us of any of our other products and services (either electronic, automated or other), the terms and conditions relating to such other products and services will take precedence in respect of the provision by us to you of those products and services.



Each of our services and products have separate terms and conditions applying to them (including in the form of other Product & Services Terms & Conditions).

Annex 1

Operations Procedure — Non-Agency Customers



Business Day 1

1. The Client stated in the application form for the **Scheme** receives and processes cheques in accordance with our procedures.
2. You are responsible for ensuring that the cheques are valid and complete in all respects and are properly payable to you. You acknowledge that we will not check that cheques are properly payable to you and we will only seek to reconcile the cheques amount in accordance with paragraph 8 of this Annex 1.
3. You shall maintain an audit trail and capture full codeline details including serial number, account number, sort code, transaction code and amount of each cheque to be processed, by whatever means available to you. The audit trail shall be retained by you for a period of not less than six months.
4. Cheques must be prepared by you in batches of 2,500, with each batch accompanied by a fully completed **BGC**, batch ticket and summary form (form 46R). The batch should then be split into smaller bundles of 250 cheques with each bundle accompanied by an add listing and each bundle separated by a sub total voucher, as per the **Customer Bulk Cheque Preparation Sheet**.
5. The cheques, machine lists, **DCVs**, summary voucher and **BGCs** must then be placed by you in designated delivery packaging on which the name of the Client stated in the application form for the **Scheme**, and the date of remittance are clearly visible. We will supply **DCVs**, summary forms and **BGCs** when requested to do so by you and providing that such requests are reasonable in relation to anticipated usage.
6. We shall notify you in writing of any delivery(ies) which have been damaged to an extent where we feel that the contents could have been interfered with and identify any discrepancies as soon as is practical after such damaged delivery(ies) are received from the **Security Company** (or, if it has been agreed between you and us that you will use the **Branch Delivery Service**, are received from a **Security Company** used by us), and by no later than 12 noon on the next **Business Day**. We shall also forward full written details thereof to you no later than three **Business Days** after the date the damaged delivery(ies) is received.
7. We will use reasonable endeavours to ensure that cheques which are received before 2am on any **Business Day** are dealt with by us on the following **Business Day**. Any cheques which are not dealt with or any deliveries which are received after that time and which we are unable to process in that processing period will be advised to you by facsimile transmission as soon as is reasonably practical, but in any event on the **Business Day** following the day in which that processing period ends.



We shall notify you in writing of any delivery(ies) which have been damaged to an extent where we feel that the contents could have been interfered with.

Business Day 2

8. At the clearing department, the delivery(ies) is/ are opened and cheque amounts are encoded and reconciled to the machine list, **DCV**, summary and **BGCs**. Any discrepancies will be noted, photocopied, and advised by us to you by facsimile transmission prior to 5pm. The cheques are then sorted into order according to the bank on which they are drawn.
9. Cheques are exchanged in the Bankers Exchange Centre progressively up to 11am (or other such method of exchange that is agreed at Inter Bank level).

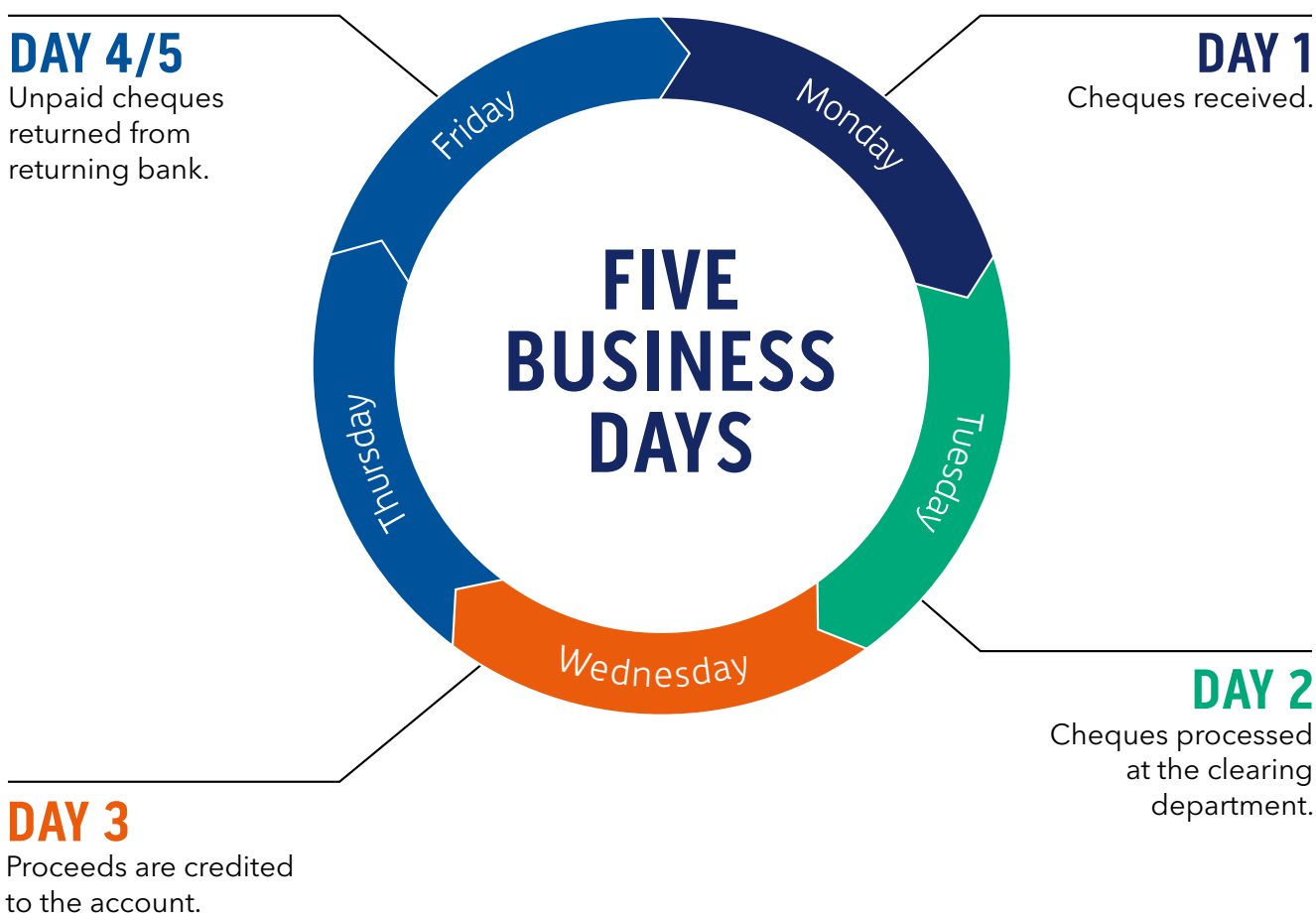
Business Day 3

10. The proceeds shall be credited to your account from the start of business on this day and will start to earn interest or reduce the balance on which overdraft interest is charged.

Business Day 4/5

11. Any returned cheques will be returned to you directly from the returning bank or, subject to prior agreement between you and us, returned to the address notified by us to you, with an advice that a "Claim for Unpaid" has been passed to an account stated in the crediting details section of the application form for the **Scheme**.

Operations procedure for non-agency customers



Annex 2

Operations Procedure — Agency Customers



Business Day 1

1. The Client stated in the application form for the **Scheme** (or a third party acting on your behalf) receives and processes cheques in accordance with our procedures.
2. You are responsible for ensuring that the cheques are valid and complete in all respects and are properly payable to you. You acknowledge that we will not check that cheques are properly payable to you and we will only seek to reconcile the cheques amount in accordance with paragraph 9 of this Annex 2.
3. You shall maintain an audit trail and capture full codeline details of each cheque to be processed, by whatever means available to you. The audit trail shall be retained by you for a period of not less than six months.
4. Cheques must be prepared by you and cross stamped with your name, branch and the details of an account stated in the crediting details section of the application form for the **Scheme** on the front. Crossing stamps will be ordered by you, the style being subject to our agreement, such agreement not to be unreasonably withheld.
5. At a cut-off time agreed with us, the cheques for each cashier will be machine listed, placed in batches of up to 2,500 cheques with a summary form (form 46R), batch ticket, **BGC** and sub total vouchers for every 250 cheques. The summary form prepared by you must summarise the **BGCs** and state the total number of cheques paid in.
6. The cheques, machine lists, summary form (form 46R), batch ticket, **BGCs** and sub total vouchers must then be placed by you in designated delivery packaging on which your name and the date of remittance are clearly visible. We will supply summary form (form 46R), batch ticket, **BGCs** and sub total vouchers when requested to do so by you and providing that such requests are reasonable in relation to anticipated usage.
7. We shall notify you in writing of any delivery(ies) which have been damaged to an extent where we feel that the contents could have been interfered with and identify any discrepancies as soon as is practical after such damaged delivery(ies) are received from the **Security Company** (or, if it has been agreed between you and us that you will use the **Branch Delivery Service**, are received from a security company used by us), and by no later than 12 noon on the next **Business Day**. We shall also forward full written details thereof to you no later than three **Business Days** after the date the damaged delivery(ies) is received.
8. We will use reasonable endeavours to ensure that cheques which are received before 2am on any **Business Day** are dealt with by us on the following **Business Day**. Any cheques which are not dealt with or any deliveries which are received after that time and which we are unable to process in that processing period will be advised to you by facsimile transmission as soon as is reasonably practical, but in any event on the **Business Day** following the day in which that processing period ends.

Business Day 2

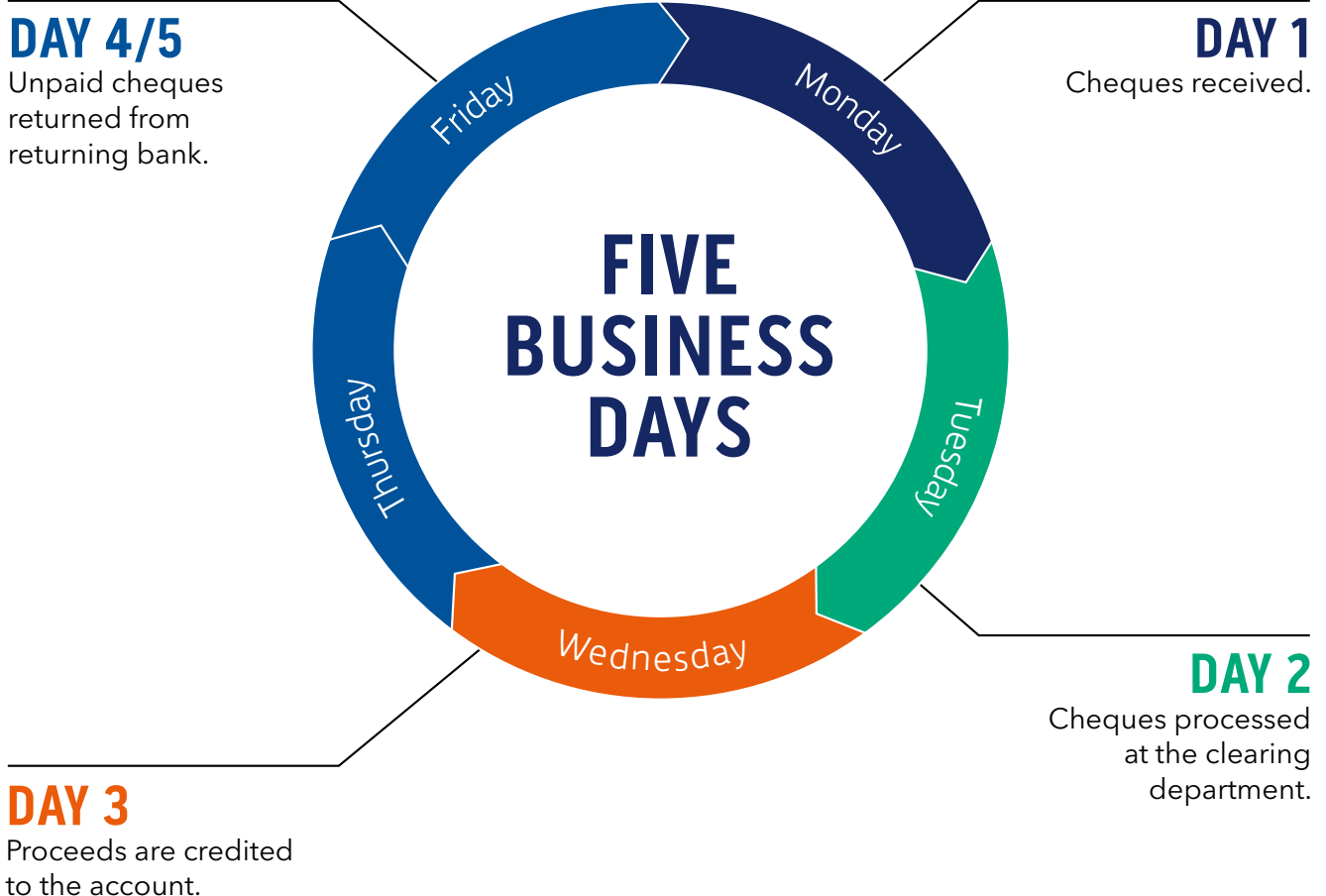
9. At the clearing department the delivery(ies) is/ are opened, cheques amounts are encoded and reconciled to the machine list, summary and **BGCs**. Any discrepancies will be noted, photocopied, and if greater than the amount agreed between you and us in writing, advised by us to you by facsimile transmission prior to 5pm. The cheques are then sorted into order according to the bank on which they are drawn.
10. Cheques are exchanged in the Bankers Exchange Centre progressively up to 11am (or other such method of exchange that is agreed at Inter Bank level).

Business Day 3

11. The proceeds shall be credited to your account from the start of business on this day and will start to earn interest or reduce the balance on which overdraft interest is charged.

Business Day 4/5

12. Any returned cheques will be returned to you directly from the returning bank or, subject to prior agreement between you and us, returned to the address notified by us to you, with an advice that a "Claim for Unpaid" has been passed to an account stated in the crediting details section of the application form for the **Scheme**.



Annex 3

Branch Delivery Service



1. This Annex 3 applies to you to the extent that we have agreed to provide you with the **Branch Delivery Service**.
2. We will arrange for delivery of bulk cheques to the clearing centre on your behalf and credit your account(s) with us via the use of a branch of Lloyds Bank plc in England and Wales or Bank of Scotland plc in Scotland as a drop off point.
3. You will deliver your bulk cheques to the branch(es) agreed with your relationship team from time to time.
4. The bundles of cheques and credit slips shall be prepared in accordance with the **Customer Bulk Cheque Preparation Sheet** (which is provided by us to you and details the way that cheque deposits and **BGCs** and credit slips should be presented into the clearing).
5. If a cheque is lost during the course of clearing, it may be necessary for the paying bank to arrange for the drawer's account to be debited on a photocopy/full details. If this action is unsuccessful, either because sufficient information cannot be obtained or the drawer of a cheque refused to accept the debit to his/her account, you must obtain a duplicate. In this situation, we reserve the right to debit your account with the value of the missing cheque pending resolution of the problem.
6. If a non-clearing item is included in your bundle of cheques and credit slips which cannot be processed by us, we reserve the right to debit the value of the item to your account.
7. The self-sealing clearing bag shall be delivered to the relevant branch and handed to a branch employee in accordance with the procedure agreed with your relationship team. The tear off receipt will be completed by the employee who accepts the clearing bag and returned to you or your courier.
8. The branch employee shall be entitled to reject the clearing bag if it contains, or is believed to contain, any other items than cheques and/or **BGCs** (such as cash) and/or if it appears to have been tampered with. The rejected clearings bag will be handed back to you or your courier and no responsibility whatsoever is accepted by us or **Lloyds Banking Group** for the acts or omissions of your employees or couriers in relation to this.
9. **Charges**
There is currently no charge for the **Branch Delivery Service**.
10. **Liability**
 - 10.1 In recognition of the characteristics of the **Branch Delivery Service**, no member of **Lloyds Banking Group** will be liable to you in any case for any direct, special, incidental or consequential loss, any indirect or punitive damages or for any lost profits or revenue arising from the delay in delivery of any clearings bag to the clearings centre, the loss of any clearings bag or any damage to the contents of any clearings bag once accepted by the relevant branch.
 - 10.2 You shall indemnify each member of **Lloyds Banking Group** in full against all claims, demands, losses, liabilities, costs, charges, damages or expenses which may be brought against such member of **Lloyds Banking Group** or which any member of **Lloyds Banking Group** may incur arising out of or in connection with the collection and processing of cheques delivered by you.

▶ **BRANCH DELIVERY SERVICE**

We will arrange for delivery of bulk cheques to the clearing centre on your behalf and credit your account(s) with us via the use of a branch of Lloyds Bank plc in England and Wales or Bank of Scotland plc in Scotland as a drop off point.
