

## Your Agreement

### Product Specific Conditions **Business Account**

Contains additional terms and conditions for the **Business Account** which you hold with us. There is also a section containing terms and conditions which apply to you if your **Business Account** is pledged.

#### 1. Meanings of words we use

##### **Authorised Overdraft**

An overdraft which we agree in advance with you, and which is subject to a separate agreement between you and us. We will also agree the **Credit Limit** of the overdraft with you so that you know how much you are allowed to spend using your overdraft.

##### **Authority**

The authority you have given to us relating to the operation of your **Business Account** or **Pledged Account**.

##### **Available Funds**

Includes the amount of any credit balance on your account and the amount of any **Credit Limit** available to you on any **Authorised Overdraft**. It doesn't include any funds which are not yet available for you to use (like recent cheque deposits) or payments we have authorised but not yet taken from your account.

##### **Business Account**

The business current account product that you hold with us.

##### **Credit Limit**

The total amount you can borrow under your **Authorised Overdraft** at any time.

##### **Overdraft**

An **Authorised Overdraft** or an **Unauthorised Overdraft**.

##### **Unauthorised Overdraft**

An overdraft we have not agreed in advance with you. You will be using an **Unauthorised Overdraft** if:

- you take out cash or make a payment when you don't have enough **Available Funds**; or
- a payment into your account is recalled by the paying bank or we have added charges, and you don't have enough **Available Funds** in your account to cover the amount.
- **What do you need to read to understand your agreement with us?**

These Product Specific Conditions are just one part of the agreement between you and us relating to the **Business Account** or **Pledged Account** which you hold with us.

You also need to read:

- the General Conditions
- the **Authority** you have given to us
- the Account Charges and Processing Times brochure.

2. **What happens if the documents which make up the agreement say different things?**

If these Product Specific Conditions say one thing, and the General Conditions say another, these Product Specific Conditions will apply.

3. **Do you need to make a minimum deposit?**

No.

4. **Can you have an Overdraft on a Business Account?**

We may agree an **Authorised Overdraft** on a Business Account.

**Unauthorised Overdrafts** are not agreed in advance, but we will treat you as requesting one if:

- i. you try to take cash or make a payment when you don't have enough **Available Funds** in your **Business Account**; or
- ii. a payment into your **Business Account** is recalled by the paying bank or we have added charges, and you don't have enough **Available Funds** in your **Business Account** to cover the amount.

The General Conditions and Account Charges and Processing Times brochure explain the different types of **Overdraft** and what charges and interest you will pay if your **Business Account** becomes overdrawn.

5. **Can you make your Business Account subject to a charge or another arrangement to the benefit of a third-party?**

You should tell us if you want to do this so we can arrange for your **Business Account** to become a **Pledged Account**.

We can treat your **Business Account** as a **Pledged Account** if we become aware that you have charged the funds in that account to a third-party. The terms below relating to **Pledged Accounts** will apply to you.

## Pledged Account

This section applies to you in addition to the above, if your **Business Account** is pledged. We can also apply these terms if you should have told us that your **Business Account** is subject to a pledged arrangement.

1. **Meaning of words we use**

**Blocking Notice**

The notice that a **Third-Party Charge Holder** may send to us in the event if a default occurs under the terms of a third-party charge.

**Pledged Account**

A **Business Account** that you hold with us where you have notified us that the funds held in that **Business Account** are subject to a charge or other security arrangement (such as a Trust) to the benefit of a third-party.

**Pledged Account Acknowledgement Letter**

The letter from us setting out the terms on which a **Pledged Account** will operate.

**Third-Party Charge Holder**

An entity (such as the beneficiary of a charge, or the beneficiary of a **Trust**) that has a legal right to exercise control over the funds in a **Pledged Account**.

**Trust**

A trust structured to secure a beneficial interest in funds in a **Pledged Account** you hold with us.

2. **Which terms apply if your Business Account becomes a Pledged Account?**

The additional terms set out below apply to you.

2.1 **What is a Pledged Account?**

A **Pledged Account** is a **Business Account** where you have notified us that you have charged the funds in that account to a third-party. You must notify us of charges over any account you hold with us and we will acknowledge the charge and set out any terms on which that acknowledgement is made in a **Pledged Account Acknowledgement Letter**.

A **Business Account** becomes a **Pledged Account** when:

- you have notified us that the funds held in that **Business Account** are subject to a charge or other arrangement for the benefit of a third-party; and
- we have sent you a **Pledged Account Acknowledgement Letter**.

The **Third-Party Charge Holder** may request to take full control of the **Pledged Account** by sending a **Blocking Notice**. The **Blocking Notice** instructs us to block the account in order for the **Third-Party Charge Holder** to take control of the account and withdraw the funds they are owed.

## 2.2 Will you pay different charges for a Pledged Account?

Yes. The charges are set out in the Account Charges and Processing Times brochure. They will start to apply from or around the date that we issue a **Pledged Account Acknowledgment Letter** to you.

## 2.3 What kind of account can be used as a Pledged Account?

Current accounts can be used to pledge funds to a third-party. You cannot pledge the funds held in deposit accounts.

## 2.4 Are there any special terms about liability you need to be aware of if you have a Pledged Account?

If we become aware that a charge or other arrangement (such as a **Trust**) has become enforceable, we can freeze or block any of your accounts whilst we check whether the request is valid. We won't be responsible for any money you or anyone else loses or anything which happens due to us freezing or blocking your accounts. You agree to indemnify us, our agents, employees, officers and directors for any money we or other people lose due to anything we do or don't do under this clause, unless it is due to us being very careless or doing things wrong purposefully.

We won't be responsible for any money you lose or anything which happens as a result of us failing to comply with a **Pledged Account Acknowledgement Letter**.

Unless we have been very careless or done things wrong purposefully, we (and our agents, employees, officers and directors) won't be responsible for, and

you will indemnify us for, any money which you, the **Third-Party Charge Holder** or any other person loses as a result of us taking or not taking any action relating to:

- the third-party charge;
- the instrument creating a **Trust**;
- the **Pledged Account Acknowledgement Letter**;
- the **Blocking Notice**; or
- any related documentation or notices relating to the **Pledged Account**.

Our agents, employees, officers and directors can enforce the terms of these **Product Specific Conditions** against you directly, if they choose to do so.

## 2.5 Are there any special terms which apply to you if you have a Pledged Account which is subject to a Trust?

We won't be required to:

- review or consider the terms of the instrument creating the **Trust**;
- decide whether a **Trust** over the relevant **Pledged Account** has been validly formed;
- decide whether you are acting within your powers as trustee;
- decide whether any perpetuity period applicable to the **Trust** has passed; or
- decide whether all of the correct trustees are named on your **Authority**.

You give us permission to contact the **Trust** beneficiary to confirm any proposed transaction on the **Pledged Account**, if we choose to do so.

We will assume that all funds held in the **Pledged Account** are subject to the **Trust** without investigation.

## 2.6 Will a Pledged Account be operated like any other account?

It will continue to operate in line with your **Authority** unless a **Blocking Notice** is received and payment authority moves to the named third-party. Any **Authority** that needs to be amended for a **Pledged Account** should be arranged in the normal way. **Pledged Accounts** will be removed from any shared overdraft facility or pooling arrangement.

## 2.7 Can you have an Overdraft on a Pledged Account?

We will not agree an **Authorised Overdraft** on a **Pledged Account**.

You must not let your **Pledged Account** go into an **Unauthorised Overdraft**. If your **Pledged Account** does become overdrawn, we will charge interest at the relevant rate for **Unauthorised Overdrafts**. You may also have to pay other charges. For details of our **Unauthorised Overdraft** interest rate and charges, please see the Account Charges and Processing Times brochure or refer to [business.bankofscotland.co.uk](https://business.bankofscotland.co.uk)

## 2.8 How should correspondence and notices relating to charges or other claims be sent on a Pledged Account?

Notices of a charge over a **Business Account** should be sent to us outlining the details of the charge. Where we are able to acknowledge the charge, any further correspondence should be as outlined in the schedules in the **Pledged Account Acknowledgment Letter**.

## Our service promise

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If you experience a problem, we will always try to resolve it as quickly as possible. Please bring it to the attention of any member of staff.

Our complaints procedures are published on our 'Help & Support pages' at: [bankofscotland.co.uk/business/contactus](https://bankofscotland.co.uk/business/contactus)

## Get in touch

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 **Speak to your relationship team**

 [bankofscotland.co.uk/business](https://bankofscotland.co.uk/business)

Please contact us if you would like this information in an alternative format such as Braille, large print or audio.

If you have a hearing or speech impairment you can use Relay UK. More information on the Relay UK Service can be found at [relayuk.bt.com](https://relayuk.bt.com)