Department for Work & Pensions Procedures ▸ Direct Debit - Set Up

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Direct Debit - Set Up

A direct debit (DD) is one of the preferred methods of payment from (MOPF) that the Child Maintenance Group (CMG) use to secure payments of child maintenance and/or arrears. DD is an automated transfer service to move funds from one bank to another. DD must always be used as the starting point when discussing the MOPF with the paying parent.

An indication of how the paying parent may like to pay is gathered at application stage but the MOPF is only processed once the liability schedule is completed and confirmed with the paying parent.
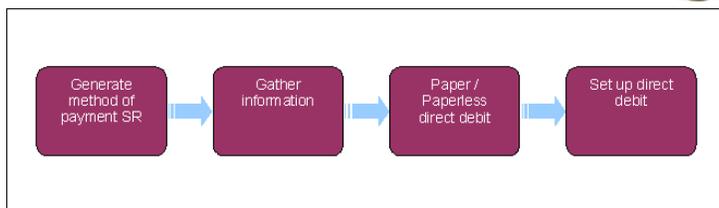
There are two types of DD:

- Paperless direct debit (PDD) which is a DD you can set up with the client over the phone

- Paper based DD where a mandate form is issued then completed and returned by the client

The purpose of this process is to log the bank details of the client onto the 2012 system and set up the DD.

For more information on the details required for different types of accounts, e.g. current account, building society account, select the direct input guide for bank wizard in the following link http://bankval/

⚠️ During DD set up, it must be stressed to the paying parent the importance of remaining compliant on the case. Explain that if a payment is missed without good reason, a DEO or enforcement action will be pursued and there will be no opportunity to move the case to Direct Pay. For more information refer to the Direct Debits Fundamental.

For more information refer to the Policy, Law and Decision Making Guidance ⚖️

ℹ️ When speaking to clients always use the new terminology. For more information refer to Terminology Changes

ℹ️ This procedure uses the terms receiving parent and paying parent.

The receiving parent is the parent who receives or who is expected to receive child maintenance, known as the parent with care (PWC) or person with care (PeWC) on the system and in legislation. The paying parent is the parent who pays or who is expected to pay child maintenance, known as the non resident parent (NRP) on the system and in legislation.

⚠️ Verify the existing method of payment from (MOPF) to ensure that the system or another caseworker has not created/replaced the exact same MOPF before setting up a MOPF. Select the client's **Contact** then select the **Financial Accounts** view. If the same MOPF is already in place take no further action. If the client has not previously had a MOPF in place and this will be the first MOPF refer to Method Of Payment From - Set Up Initial.

ℹ️ The current profile must also be checked to determine whether a MOPF is currently suspended on the case, this will need to be unsuspended before continuing. For more information please refer to Direct Debit - Cancel.

⚠️ 24 hours must elapse before running any schedules after changing a MOPF. If a schedule is run before this time it will run on the previous MOPF.

Contact paying parent to discuss MOPF

When contacting clients to discuss a MOPF for the first time, advise them that using the Child Maintenance Group's (CMG's) collect and pay service will incur collection fees, and that they can avoid these fees by making their own family based arrangements, or by requesting direct pay. For further information on collection fees, refer to Collection Fees Summary. For further information on direct pay refer to Direct Pay Summary.

You will also need to consider whether the paying parent is likely to pay child maintenance before advising them about Direct Pay. For more information refer to Unlikely to Pay Check. For further information on the unlikely to pay criteria refer to the Policy, Law and Decision Making Guidance. ⚖️

ℹ️ Clients can also manage their account quickly and easily with the Child Maintenance Service's safe and secure self service website. Clients can log on any time to set up a new direct debit or amend the existing direct debit. They can also check when their next payment is due, view payment history, make a payment or update information about their account. For further information, refer to Client Self Service.

1. Contact the paying parent to discuss a method of payment from (MOPF). PDDs cannot be implemented if:

   - The paying parent has a joint account
     If the paying parent has a joint account that the payments are made from, inform them that the DD mandate must be signed by both the paying parent and the joint account holder before being returned.

   - The paying parent requests a paper copy

   - The account does not support DD (this can be confirmed using bank wizard)

   - The paying parent asks for DD to come out of an account in someone else's name
     This could be an account in the name of a family member or partner who aren't recorded on the system. The DD mandate must be returned with the account holders signature.

   If you are setting up a paper based DD, confirm the date the paying parent wishes the funds to be taken from their account prior to issuing form FT2005 as the paying parent cannot record this on the form.

2. Create a Change of Circumstances (CofC) SR by selecting:

   - **Process = Change of Circumstances**

   - **Area= Change Method of Payment**

   - **Sub Area = Change Method of Payment From**

   - **Source = NRP**

   Update the **Subject Details** section of the applet by completing the **Last Name** field and change the **Status** of the SR to **In Progress** - the system generates an activity plan. For more information on methods of payment refer to the Policy, Law and Decision Making Guidance

3. Create a child SR to set up the method of payment from (MOPF). From the dropdown lists select:

   - **Process = Payments**

   - **Area = Method Of Payment From**

   - **Sub Area = Direct Debit**

4. Select action **Replace MOP** and update the SR status to **In Progress**. The system generates an activity plan.

5. Select the client's **Internal Account Number.**

   BaNCS (internal account) numbers are required by the system in order to process payments. Every client has a BaNCS number generated by the 2012 system at the initial application stage.

6. Select the **Current Payment Method** MVG to check for an existing MOP. If a MOP exists, consider whether it should be cancelled before continuing to set up a new one.

7. Update the sub-status of the SR to either **Paperless Processing** or **Paper Based Processing** as required, save the record and update activities. If Paper Based Processing is selected go to **step 14**.
   Update the third step **Activity Plan Outcome** as **Yes** or **No** to confirm paperless or paper based method and generate the remaining activity steps.
   For more information on the details required for different types of accounts, e.g. current account, building society account, select the direct input guide for bank wizard in the following link http://bankval/.

Set up paperless direct debit (PDD)

8. Request bank details from the paying parent. You will need the following:

   - **Account holder name**

   - **Account type**

   - **Account number**

   - **Sort code**

   - **NRP's preferred collection date**

   Confirm with the paying parent that this account can process a DD e.g. not all building society accounts or savings accounts provide this option, before inserting the information into the **DD** applet. Update the **Current Payment Method** field with the paying parent's current MOPF.

9. Select **Bank Validation** and the system automatically verifies the bank details using bank wizard and sets the collection frequency to monthly. Read out the DD call prompt to the paying parent, this is a legal obligation.

   Bank wizard may return an error code, you must ensure that you select the MVG button to check for an error code after selecting the **Bank Validation** button, for more information refer to **Bank Wizard Error Codes** in the **Procedural Exceptions** tab.

10. If the details are not verified contact the paying parent to confirm or gather new bank details.

11. Update the **Resolution Code** to **Direct Debit Accepted** and **Save**.

12. ✉ Select **Send MOP** and after the success message is displayed inform the paying parent of completion. Issue CMSL2001 to the paying parent to confirm the DD is set up.

13. Set a wait state on the SR for 24 hours to allow any letters to be issued in the batch run overnight. Once 24 hours has passed close the SR by changing the **Status** to **Closed** and the **Sub status** to **Complete**. Proceed to **step 17**.

Paper based direct debit

14. ✉ The DD mandate covering letter, CMSL2000, is automatically generated and issued to the client. The system then automatically issues an enclosed DD mandate FT2005 and generates a payment schedule.

15. Once the DD mandate has been returned view it on the system and enter the details into the SR. Ensure the form has been signed by the client or has both signatures for a joint account.

   - 📞 ✉ If no response is received within seven days, call the paying parent with a reminder or consider issuing a reminder SMS. Refer to SMS Text for further information. If an SMS is not appropriate, issue reminder letter CMSL2011. Allow seven days for the return of the DD mandate.

   - If the paying parent does not respond within the times set above, set up a default standing order. Close the SR by changing the **Status** to **Closed** and the **Sub Status** to **Cancelled**, then create a standing order SR. For more information refer to Default Standing Order

   ℹ Once the reminder has been issued set the SR **status** to **Wait**. The wait status is displayed in the **My Activity** view. Select an appropriate **sub status** where available.

16. ✉ When a response is received, go to **steps 7** - **12** as above. The system automatically issues a CMSL2001 to the paying parent to confirm the DD is set up. There is no requirement to send the DD form to the bank. The system automatically sets up the DD with the bank.

Create first collection reminder call

17. Following the setup of a direct debit, make a reminder to call the paying parent seven days before the first collection date to remind them that the payment is due.

18. Create a **Call - Outbound** activity against the contact.

19. In the **Due Date** column enter the date the reminder call is due seven calendar days before the first collection date.

20. Update the description field with the following: "A Direct Debit reminder call is required. 1st collection date DD-MM-YYYY".

Create perform calc SR and complete CofC SR

⚠ When BaNCS returns a **Success** message, the correct **Resolution Code** must be selected and not set to **Transaction Rejected**.

21. Complete the activity plan in the parent CofC SR and update the **Resolution Code** to **CoC Accepted**.

22. A **Perform Calc** SR automatically generates. If another MOPF is set up, a P2P and liability schedule generates, if the DD is cancelled and another MOPF has not been set up, only a liability schedule generates. Issue letter CMSL4080 to the paying parent, issue CMSL4081 to the receiving parent and close the **Perform Calc** SR. See Calculation - Post Initial for more information.
⚠ If the P2P schedule contains debt not owed to the receiving parent, letter CMSL4081 must be clerically issued. For information on issuing clerical letters refer to Letters (Outbound) - contingency.

   ℹ If this is the first **Perform Calc** SR for the initial calculation, close and cancel the SR, return to the method of payment set up from initial procedure to complete the process. After selecting the evaluate shared care button a perform calc SR is automatically generated.

23. Return to the **CofC SR** and close it by changing the **Status** to **Closed** and the **Sub status** to **Complete**.

Bank Wizard Error Codes

When using bank validation, warning messages may be displayed. Most of these warning messages are only relevant to the banking industry and can be ignored, however there are some messages that do require you to take action.

Method of Payment From (MOPF)

The following codes may generate when checking a MOPF:

   - 005 - W - Account does not support Direct Debit transactions

   - 078 - W - Account does not support AUDDIS transactions

   - 006 - W - Sort code does not support Direct Debit transactions

   - 067 - W - Sort code does not support AUDDIS transactions

   - 090 - E - Roll number format is incorrect

   - 092 - E - Roll number length is incorrect

If you receive any one of these, confirm the details entered with the client or obtain alternative details or a different MOPF. Other error messages may come up which don't prevent case progress, for example "Sort Code does not support claims for unpaid cheque transactions" - this error message doesn't affect case progression for direct debits.

Modulus check failure

If a modulus check failure is received, ask the client if the bank account is new. If the account is new it may not be verifiable by Bank Wizard yet, obtain alternative details or a different MOPF.

If the account is an older account check the bank details supplied in Bank Wizard manually. Bank Wizard will confirm if the account number matches the sort code and if the account supports the proposed MOPF. If a manual Bank Wizard check suggests that the details are correct, the account is not new and the proposed MOPF is supported raise an incident, alternatively obtain alternative details or a different MOPF.

NI Exceptions

The Charging Warm-Up lines to take for NICMS can be accessed by selecting the following link: NICMS Charging Warm-Up Lines to Take.

CMSL2000 Paying child maintenance by Direct Debit

DD Mandate covering letter - Letter to the paying parent to set up Direct Debit - when a client has requested the Direct Debit mandate form.

All fields in this letter are system generated, no manual intervention is required.

CMSL2001 Your Direct Debit payments have been set up

Letter to the paying parent confirming successful Direct Debit set-up.

All fields in this letter are system generated, no manual intervention is required.

CMSL2011 Please remember to return your Direct Debit

Letter to client reminding them to send back their Direct Debit mandate, which we sent to them a week earlier.

All fields in this letter are system generated, no manual intervention is required.

Calculation - Initial

Change - MOPF

Collection Fees Summary

Direct Debit - Cancel

Direct Pay Summary

Method Of Payment From - Set Up Initial

Terminology Changes

Unlikely to Pay Check

If there is a protected collection in the 14 days prior to a direct debit, will the paying parent have to make a larger first payment than usual?

The paying parent's amount will be averaged out over the rest of the collections, therefore this will never be the equivalent of a full charge.

Can Direct Debit have a weekly payment frequency?

No. Banking rules mean that we wouldn't receive notification of any direct debit failures until five days after the payment was due. The timing of this would mean that we would then attempt to take subsequent direct debit payments.