

**GO**CARDLESS

# Direct Debit

A beginner's guide to  
Direct Debit in the UK



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# Chapter 1 — What is Direct Debit?

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# What is Direct Debit? A guide for payers

Direct Debit is the simplest, safest and most convenient way to make regular or recurring payments; that's why it's used for things like council tax and utility bills.

80% of Brits have at least one Direct Debit and the average consumer has six, but many people remain unsure what Direct Debit is or when it should be used. If you're looking to set up a regular payment, read this guide to find out what Direct Debit is and if it's right for you.

## What is Direct Debit? A definition of Direct Debit

### A Direct Debit is an instruction from you to your bank.

A Direct Debit authorises someone to collect payments from your account when they are due. You give this authorisation by completing a Direct Debit Mandate form – this can be a paper form or a web page that you complete online. Once authorised, the organisation can automatically take payments from you (provided that they comply with the scheme rules).

### Direct Debit can be used for nearly everything

Direct Debit can be used for most payments but it's most often used to pay:

- **Regular bills for variable amounts** - With Direct Debit you know all your important bills will be paid on time each month. According to Payments UK, 74% of all regular payments made in 2016 (by volume) were made by Direct Debit, including council tax, utility bills and mobile phone bills.
- **Fixed subscriptions or memberships** - Direct Debit is the safest and easiest way to make recurring payments like magazine subscriptions or gym memberships.
- **Paying on account** – Some organisations will provide Direct Debit as an option for spreading your costs or paying on account.

### Direct Debit can be used for one-off payments too

While Direct Debit is usually associated with regular and recurring payments, it can also be used for one-off payments. Direct Debit should not be used for one-off payments where instant

transfer of funds is needed, like e-commerce. However, if the organisation you're paying doesn't need the money immediately, Direct Debit can be a great option.

## What are the important Direct Debit scheme rules that I should know?

- **Advance notice** - You must be told the amount and date of each payment in advance.
- **Direct Debit Guarantee** - You are entitled to an immediate refund for any payments that shouldn't have been taken.

## Direct Debit is safe, convenient and cost effective for customers

There are three benefits to making payments using Direct Debit:

- **Convenience** - Payments are automatic, so bills are never forgotten, lost or delayed.
- **Cost** - Businesses may offer incentives for paying by Direct Debit.
- **Customer Protection** - Direct Debit is the safest payment method in the UK

## Direct Debit vs standing order

People often confuse Direct Debits and standing orders. That's understandable - the differences are subtle but important.

We've set out a summary of these differences for you on the next page:

	Standing Order	Direct Debit
What is it?	An instruction to your bank to make payments to a person/organisation.	An authorisation for a person/organisation to take payments from your account when they are due.
What is it used for?	Regular, fixed payments like rent payments, monthly charity donations or regular payments into a savings account.	Regular payments of variable or fixed amounts like mortgage payments, utility bills or other bills based on usage.
How do you set one up?	You instruct your bank. You decide when and how much to pay, and tell your bank to do this.	You complete an instruction form, then you won't need to do anything else.
Customer protection	None. Once you pay, you can't get it back.	High. Immediate refunds from your bank in the event of an incorrect payment

## Standing orders give you control. Direct Debit gives you flexibility and safety

Standing orders are good for regular payments of a fixed amount. However, if you want to pay variable amounts or might need to change payment amounts then standing orders are not the most practical option.

Direct Debit lets you pay variable amounts or at varying intervals without needing to do anything more. This makes it great for paying bills where you are charged depending on what you have spent that month.

Direct Debit is the safest way to make payments in the UK. The Direct Debit Guarantee gives you a right to immediate refunds for any payments which shouldn't have been taken.

## Direct Debit and GoCardless

GoCardless is the UK's leading Direct Debit provider and is used by more than 2,000 organisations ([gocardless.com/stories/](https://gocardless.com/stories/)). GoCardless is sponsored by RBS and is authorised by the FCA ([register.fca.org.uk/](https://register.fca.org.uk/)).

Switching to Direct Debit with GoCardless will save you the hassle of paying each month. You'll be notified of any upcoming payments, and you can cancel them whenever you want. What's more, the Direct Debit Guarantee makes this the safest way to pay.

If you would like to find out more about GoCardless, [click here \(gocardless.com\)](https://gocardless.com) to go to our website.

# Direct Debit in a nutshell:

## A guide for merchants

### The ultimate way to collect recurring payments

Direct Debit is a popular payment method in the UK, with around 60,000 UK organisations using it to collect payments of all kinds, including utility bills, membership subscriptions, charitable donations and B2B invoicing. In 2016, Bacs, the organisation that handles Direct Debit, processed more than 4 billion Direct Debit payments by volume ([bacs.co.uk/NewsCentre/PressReleases/Pages/RecordTumblesAsBacsSetsNewProcessingHigh.aspx](https://www.bacs.co.uk/NewsCentre/PressReleases/Pages/RecordTumblesAsBacsSetsNewProcessingHigh.aspx)). As of October 2017, GoCardless processes \$4 billion worth of Direct Debit transactions a year, for more than 30,000 customers.

### Direct Debit is highly versatile

It's great for:

- **Recurring bills for variable amounts.** Direct Debit is a great way of collecting variable amounts for companies that invoice customers depending on how much they use or buy.
- **Fixed subscriptions or memberships.** Direct Debit is perfect for recurring payments, such as magazine subscriptions or gym memberships, due to its low cost and high retention rates.
- **Taking payments on account.** If you have an ongoing relationship with your customers, Direct Debit is a good option for them to spread costs or pay on account.

### Direct Debit is perfect for regular payments

Collecting payments with Direct Debit has four main benefits:

1. **Direct Debit puts you in control.** Late payments affect cash flow and admin time, as you have to spend time and effort chasing them. But Direct Debit lets you collect payments whenever they're due. For example, [Has Bean Coffee](https://gocardless.com/stories/has-bean-coffee) ([gocardless.com/stories/has-bean-coffee](https://gocardless.com/stories/has-bean-coffee)) reduced its average payment period from 62 to 41 days, by switching to Direct Debit with GoCardless.
2. **Direct Debit can be automated.** Once authorised, you can take payments from customer accounts with no further action needed from them. If you're collecting fixed amounts at regular intervals, GoCardless lets you "set and forget" the payment. All the magic happens automatically.
3. **Direct Debit is cost effective.** With Direct Debit, you can avoid costly credit and debit card transactions, which cost around 3% each. GoCardless charges only 1% per payment up to a maximum of £2, and even less if you're collecting over 500 payments.



4. **Direct Debit gives you flexibility.** Unlike standing orders, Direct Debit allows you to change payment amount and frequency without customers needing to re-authorise. So you can take variable amounts or increase prices whenever needed, with absolutely no admin hassle. This also gives your customers an easy way to spread the cost of their payments.

## Direct Debit can be used for one-off payments too

Although Direct Debit is usually associated with regular and recurring payments, it can also be used for collecting one-off payments. It's important to remember that Direct Debit is not an instant payment method so shouldn't be used where immediate transfer of funds is needed, such as for e-commerce.

## Direct Debit and GoCardless

GoCardless is the UK's leading Direct Debit provider, used by over 20,000 organisations ranging from small businesses and sole traders, to large companies such as TripAdvisor and the Guardian. Our system can be set up in seconds and managed online, along with the option to integrate our API with your website and CRM.

We serve more UK businesses than any other Direct Debit provider. We're also regulated as an Authorised Payment Institution ([register.fca.org.uk](https://register.fca.org.uk)) by the Financial Conduct Authority.

To find out more about how to access Direct Debit for your business, turn to Chapter 5 of this guide.

# Chapter 2 — What can Direct Debit do for my business?

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# Direct Debit for wholesalers, distributors and manufacturers

Direct Debit helps wholesalers, distributors and manufacturers safely offer payments on account and reduce late payments.

Each year more businesses in the wholesale, distribution and manufacturing industries move to Direct Debit to improve their cash flow and reduce admin. If you deal with a large number of regular clients, it could help you too.

GoCardless helps wholesalers, distributors and manufacturers of all sizes and in a variety of industries to collect fees by Direct Debit. In particular, Direct Debit can help you in two ways:

1. Safely offer payments on account
2. Reduce late payments

## Direct Debit lets you safely offer payments on account

Customers often ask to pay on account, but without a guaranteed way to collect payment, it's not advisable to offer large amounts of credit. If it's not managed properly, offering credit to customers can put your company at risk and damage your cash flow. Once you have completed a credit check on the customer, Direct Debit provides a safe way to start taking payments on account.

## Direct Debit reduces late payments

60% of SMEs with serious cash flow issues blame late payments. Without a reliable cash flow, growing your business becomes difficult – especially if you're in an industry with a short buying season or where you depend on a small number of ongoing relationships.

Has Bean Coffee ([gocardless.com/stories/has-bean-coffee/](https://gocardless.com/stories/has-bean-coffee/)), the UK's leading premium coffee distributor, switched to GoCardless to help them deal with invoices being paid up to four months late. Late payments made it difficult for them to buy enough coffee beans for the year.

Since using Direct Debit with GoCardless, the average payment term has dropped from 62 days to 41. Steve Leighton, the owner of Has Bean, says: "Now we have control over when we get paid, and we can keep uncomfortable conversations about money to a minimum."



# How to get started with Direct Debit

You can start taking Direct Debit via a bank, bureau or GoCardless. GoCardless is the UK's leading Direct Debit payments provider. It lets you automate the whole payment process and manage everything online. It offers:

- **Quick and easy sign up.** You can [sign up \(gocardless.com/merchants/new\)](https://gocardless.com/merchants/new) instantly and for free.
- **Easy and efficient management.** You can collect recurring and one-off payments automatically. GoCardless integrates with the most popular accounting packages (e.g. [Sage \(sage.com\)](https://sage.com), [Xero \(xero.com/uk/\)](https://xero.com/uk/) and [KashFlow \(kashflow.com\)](https://kashflow.com) to enable easy invoicing and payment reconciliation.
- **Simple, low pricing.** All it costs is 1% per transaction, capped at £2. Scale pricing is also available.

To find out more about how to access Direct Debit for your business, turn to [Chapter 5](#) of this guide.

# Direct Debit for membership organisations

Direct Debit helps membership organisations to improve member retention and to reduce admin. It is suitable for organisations of all sizes.

GoCardless helps membership organisations of all sizes – from local sports clubs to national organisations – to collect fees by Direct Debit. This would offer you three main benefits:

1. Improve member retention by reducing payment failures
2. Automatically increase fees when you need to
3. Reduce membership and payment admin

## 1. Direct Debit improves member retention by reducing payment failures

Many membership organisations take recurring payments by credit and debit cards. Roughly 5-10% of these payments fail each month due to cards expiring or being cancelled. This is a bad experience for your members, creates unnecessary work for them having to update their details and worst of all, if they forget, may result in their membership lapsing. In contrast, Direct Debit payments use a customer's bank details, which rarely expire or change.

[Rock Choir \(gocardless.com/stories/rock-choir/\)](https://gocardless.com/stories/rock-choir/), the UK's largest contemporary choir, used to take payments by card but suffered from high failure rates. Director Dave Lusher "seemed to spend all [his] time chasing people to update their card details".

Since switching to Direct Debit with GoCardless they've cut their failure rate by 80%, freeing Dave to spend that time on what matters to his members.

## 2. Direct Debit lets you increase fees when you need to

Membership organisations may, from time to time, need to increase their fees.

If you take payment by standing order, this can be difficult as you'll need to cancel existing standing orders and ask your members to set up new ones. Direct Debit, on the other hand, lets you change the amount you collect without needing any further authorisation from your customer.





### 3. Direct Debit reduces membership and payment admin

Taking payments by cheque, cash and standing order can be a huge administrative burden, particularly as there is no automated reporting system. GoCardless gives you an online dashboard which displays the real-time status of your payments so you can see who has and hasn't paid at any time.

Before switching to Direct Debit with GoCardless, Spencer Hockey Club found managing their 400 members challenging. Director Mark McDermott explains:

"We used to let members pay by cheque or bank transfer. It made collecting and tracking membership fees difficult and time consuming, and the club suffered from late and missing payments. Now 80% of our members pay by Direct Debit, and the black hole in our finances has disappeared."

### How to get started with Direct Debit

To start taking payments by Direct Debit, you can use a bank, bureau or GoCardless. If you would like to find out more about any of these options, you may find helpful our 60 second guide to Direct Debit providers in [Chapter 5](#) of this guide.

GoCardless is the UK's leading Direct Debit payments provider. It lets you automate the whole payment process and manage everything online. It offers:

- **Quick and easy sign up.** You can [sign up \(gocardless.com/merchants/new\)](https://gocardless.com/merchants/new) instantly and for free.
- **Easy and efficient management.** You can collect recurring and one-off payments automatically, and we manage the hard parts for you. We are also integrated with many of the most popular accounting packages to enable easy invoicing and payment reconciliation.
- **Simple, low pricing.** All it costs is 1% per transaction, capped at £2. [Scale pricing \(gocardless.com/pricing/\)](https://gocardless.com/pricing/) is also available.
- **Hassle free member sign up.** Using Direct Debit with GoCardless, potential members can sign up instantly set up their payments online, rather than having to deal with post.

Visit our [website \(gocardless.com/membership-organisations/\)](https://gocardless.com/membership-organisations/) to see how GoCardless can help you to collect fees seamlessly from members using Direct Debit.

# Direct Debit for SaaS companies

Direct Debit helps SaaS companies reduce failed payments and admin and gives them flexibility to upgrade subscriptions or payment plans.

Software as a Service (SaaS) companies increasingly charge on a subscription basis. Traditionally, the only option available for taking these payments online was credit card. Now, an increasing number of businesses are turning to Direct Debit.

GoCardless helps hundreds of SaaS companies, from start-ups to established providers, to cut their costs by taking Direct Debit payments online.

## Three benefits your SaaS company could get by switching to Direct Debit tomorrow

- Complete flexibility to upgrade and downgrade subscriptions or payment plans
- Reduced failed payments/churn
- Reduced internal payment and accounting admin

### 1. Direct Debit gives you complete flexibility to upgrade and downgrade subscriptions

SaaS company customers may, from time to time, want to upgrade or downgrade their subscription. With Direct Debit, you can maximise conversions to upgrades as customers don't need to re-authorise their payment. Your customer just gives you a single authorisation on sign up - this allows you to take payments of any amount without asking them to do anything more. This flexibility also lets you charge customers depending on how much they use that month without needing a new authorisation every month.

### 2. Direct Debit helps you reduce failed payments

Traditionally, the only option for taking payments online was to use credit cards. Roughly 5-10% of card payments fail each month due to card expiry or cancellation. This is a bad experience for your customers, creates unnecessary work for them having to update their details

and worst of all, if they forget, may result in their subscription lapsing. By contrast, Direct Debit payments use a customer's bank details, which rarely expire or change.

### 3. Direct Debit reduces admin time through automation

Direct Debit can be entirely automated, by integrating GoCardless's REST API with your website, CRM and accounts. Payments are automatically taken and tracked each month. This significantly reduces the time needed to manage them.

Agent Analytics ([agentanalytics.net](https://agentanalytics.net)), switched to GoCardless looking for a payment method, which would help the company grow. Founder Tim Hammond explains:

"Since we moved to GoCardless we've grown 10x without needing an accounts department. GoCardless is one of those things that you can set and forget – I know it's there and I know it's doing its job. It's an enabler and I want to keep expanding our business with it."

## How to get started with Direct Debit

You can start taking payments by Direct Debit using a bank, bureau or GoCardless. If you would like to find out more about any of these options, turn to Chapter 5 of this guide.

GoCardless is the UK's leading Direct Debit payments provider. It lets you automate the whole payment process and manage everything online. It offers:

- **Quick and easy sign up.** You can sign up ([gocardless.com/merchants/newinstantly](https://gocardless.com/merchants/newinstantly)) and for free.
- **Easy and efficient management.** You can collect recurring and one-off payments automatically, or at the click of a button. We manage everything else for you. We are also integrated with many of the most popular accounting packages to enable easy invoicing and payment reconciliation.
- **Simple, low pricing.** All it costs is 1% per transaction, capped at £2. Scale pricing ([gocardless.com/pricing](https://gocardless.com/pricing)) is also available. Many SaaS startups also choose GoCardless due to the absence of set-up costs and fixed monthly fees.
- **Simple online dashboard and REST API.** Some Direct Debit Bureaus provide an API which you can plug into. GoCardless offers a simple online dashboard and REST API, which allow you to integrate GoCardless with your website and CRM.

Visit our website ([gocardless.com/saas/](https://gocardless.com/saas/)) for more information on how GoCardless can help you improve payment success rate, reduce churn and increase LTV.



# Direct Debit for telecoms and hosting companies

Direct Debit helps telecoms and hosting companies reduce failed payments and late payments and gives them the flexibility to take varying usage fees and upgrade subscriptions.

GoCardless helps hundreds of telecoms and hosting companies, from start-ups to established providers, to cut their costs by taking Direct Debit payments online. They usually choose Direct Debit for three reasons:

- Enable customers to upgrade their subscription easily
- Reduce failed payments and churn
- Cut down late payments

## 1. Direct Debit enables customers to upgrade their subscription easily

Your customers may want to upgrade or downgrade their subscription. Equally, their usage and charges may vary each month. If they pay by standing order or bank transfer, the customer will need to change the amount of their payment themselves. With Direct Debit, your customers don't need to do anything: you have full control over how much you take from them, and when.

Adam Howard-Dobson, Services Director at VoIP provider [Zen Systems](https://zensystems.co.uk) ([zensystems.co.uk](https://zensystems.co.uk)), switched to Direct Debit with GoCardless looking for:

"A flexible but reliable way of collecting invoices for customers' varying usage fees. We now require that all VoIP customers sign up with GoCardless."

## 2. Direct Debit reduces failed payments and churn

The easier you make it for your customers, the more likely they are to keep paying for your service. Using Direct Debit helps make your payment process as easy as possible. It allows customers to set up then forget about their payments instead of having to remember to pay you each month.



Many telecoms or hosting companies use card to take payments. Roughly 5-10% of these fail each month due to cards expiring or being cancelled. This is a bad experience for your customers, creates unnecessary work for them having to update their details and worst of all, if they forget, may result in their subscription lapsing. By contrast, Direct Debit payments use a customer's bank details, which rarely expire or change.

### 3. Direct Debit helps you avoid late payments

Direct Debit puts you in control of when you're paid. Once you have authorisation from your customer, you can collect payments whenever they're due. This means you can make sure all your customers pay on time without awkward conversations about stopping their service.

Before turning to GoCardless, [Zen Systems \(zensystems.co.uk\)](https://zensystems.co.uk) struggled with customers paying up to 3 months late.

Adam explained: "When you start getting large volumes of customers, there is an associated cost of sale with those services. With customers paying so late, it was hard to take control of the business. Now that we use GoCardless, everyone pays on time."

## How to get started with Direct Debit

You can get access to the Direct Debit system via a bank, a bureau or [GoCardless \(gocardless.com\)](https://gocardless.com). If you would like to find out more about any of these options, turn to [Chapter 5](#) of this guide.

[GoCardless gocardless.com](https://gocardless.com) is the UK's leading Direct Debit payments provider. It lets you automate the whole payment process and manage everything online. It offers:

- **Quick and easy sign up.** You can [sign up \(gocardless.com/merchants/new\)](https://gocardless.com/merchants/new) instantly and for free.
- **Easy and efficient management.** You can collect recurring and one-off payments automatically, or at the click of a button. We manage everything else for you. We are also integrated with many of the most popular accounting packages to enable easy invoicing and payment reconciliation.
- **Simple, low pricing.** All it costs is 1% per transaction, capped at £2. [Scale pricing \(gocardless.com/pricing\)](https://gocardless.com/pricing) is also available. Many telecoms and hosting companies also choose GoCardless due to the absence of set-up costs and fixed monthly fees.
- **Simple online dashboard and REST API.** Some Direct Debit Bureaus provide an API which you can plug into. GoCardless offers a simple online dashboard and REST API, which allow you to integrate GoCardless with your website and CRM.

Visit our [website](https://gocardless.com/telcos/) (gocardless.com/telcos/) for more information on how GoCardless can help you collect payments from your customers.

# Direct Debit for marketing agencies and accountancy firms

Direct Debit helps hundreds of marketing agencies and accountancy firms to reduce late payments and admin.

GoCardless helps hundreds of marketing agencies and accountancy firms to take control of their payments by switching to online Direct Debit. This helps them in two ways:

- Reduce late payments
- Reduce payment and accounting admin

## 1. Reduce late payments

60% of SMEs suffering from serious cash flow issues blame late payments. Without reliable cash flow, agencies often struggle to grow their business – or worse, pay their staff. As a result, an increasing number of agencies and firms are turning to Direct Debit to take control of when they are paid. With Direct Debit, once you have authorisation from your customer, you can collect payments whenever they are due.

Zest Digital ([zestdigital.com](https://zestdigital.com)), a growing marketing agency, switched to Direct Debit with GoCardless and cut its average debtor days by 39%. Founder Alex Minchin explains the impact,

"We're now in control of what comes in, and when. We cut our average debtor days by nearly 60%. As a result, we've bucked the trend for flat growth in the industry and doubled in size in six months."

## 2. Reduce payment and accounting admin

Taking payments by cheque and bank transfer requires a lot of manual work. You need to cash cheques, check your bank every day to see what has cleared, and chase any non-payers. You can automate this whole process by switching to Direct Debit.

Some agencies choose to use card payments instead. Roughly 5-10% of these payments fail each month due to cards expiring or being cancelled. This is a bad experience for your customers, creates unnecessary work for them having to update their details and worst of all, if they forget, this may result in their payments lapsing. By contrast, Direct Debit payments use a customer's bank details, which rarely expire or change.

# How to get started with Direct Debit

You can get access to the Direct Debit system via a bank, a bureau or GoCardless. If you would like to find out more about any of these options, turn to [Chapter 5](#) of this guide.

GoCardless is the UK's leading Direct Debit payments provider. It lets you automate the whole payment process and manage everything online and offers:

- **Quick and easy sign up.** You can [sign up \(gocardless.com/merchants/new\)](https://gocardless.com/merchants/new) instantly and for free.
- **Easy and efficient management.** You can collect recurring and one-off payments automatically, or at the click of a button. We manage everything else for you.
- **Simple, low pricing.** All it costs is 1% per transaction, capped at £2. [Scale pricing \(gocardless.com/pricing\)](https://gocardless.com/pricing) is also available.
- **Integration with accounting packages.** GoCardless integrates with the most popular accounting packages to enable easy invoicing and payment reconciliation (e.g. [Sage \(sage.com\)](https://sage.com), [Xero \(xero.com/uk\)](https://xero.com/uk) and [KashFlow \(kashflow.com\)](https://kashflow.com)).

If you're an accountancy firm, visit [gocardless.com/accountants](https://gocardless.com/accountants) to see how GoCardless can help you transform cash flow and reduce admin.

If you're a digital agency, visit [gocardless.com/agencies](https://gocardless.com/agencies) to see how GoCardless can you you reduce late payments and admin overheads.

# Direct Debit for charities and fundraising organisations

Direct Debit helps charities and fundraising organisations cut the costs of fundraising and reduce admin.

## Direct Debit for charities and fundraising organisations

It is increasingly important for charities to offer a Direct Debit payment option for regular donors. Direct Debit accounts for 31% of all donations to UK charities, making it the largest share of donations of all the payment methods.

Most charities now offer direct debit as a payment option - offering sign up on the street, in telephone or postal campaigns or, increasingly (although still less often), online. Direct Debit accounts for 31% of all UK charity donations. In 2015-2016, 58 million donations were made to UK charities, totalling £1.1 billion - more than any other payment method. But what makes Direct Debit such a great option for charities?

GoCardless works with hundreds of charities and fundraising organisations to increase their donations by switching to online Direct Debit. In particular, Direct Debit offers two benefits:

1. Cut the costs of fundraising
2. Reduce accounting and payment admin

## Direct Debit cuts transaction fees and admin costs

Fundraising is a huge cost to a charity, and one that everyone wants to minimise. The average charity spends 12p on fundraising for every £1 of voluntary income. The smaller you can make this cost, the more impact you can have.

One way to do this is to reduce the costs of processing donations. Using credit or debit cards typically costs around 2-3% per transaction + a flat fee of 20-30p. In comparison, Direct Debit typically costs much less. GoCardless charges 1% per transaction, capped at £2, and offers scale pricing.





# Direct Debit reduces accounting and payment admin

Taking payments by cheque, cash and standing order is a huge administrative burden for charities and fundraising organisations, particularly as there is no automated reporting system.

In contrast, Direct Debit payments can be completely automated. You'll always know exactly what has and hasn't been paid without checking your bank statement. What's more, you'll know as soon as a donor has cancelled their Direct Debit so you have the option of contacting them to try to change their mind.

The Foundation of Hearts ([foundationofhearts.org](https://foundationofhearts.org)) were able to collect pledges from 8,000 fans by switching to Direct Debit with GoCardless. They chose GoCardless for three reasons: "It's easy for our team to use, easy for our supporters to use, and the fees are brilliantly low."

## Direct Debit makes giving easier

A one-off donation of £300 is daunting for most of us while £20 a month seems much more reasonable. Perhaps as a result of this, last year the average Direct Debit donation totalled £181, or around £15 a month, while the average cash donation was just £5. Direct Debit is also cheaper and easier to process than other payment methods making it more manageable for you too.

What's more, with online Direct Debit potential donors can check out your website and set up payments there and then without the hassle of posting forms or being chased down the street with clipboards! What's more, Direct Debit payments are taken automatically each month, with no further hassle for your donors - no more writing and sending cheques or rooting around in pockets looking for change, making it more likely that donors will keep giving.

## How to get started with Direct Debit

You can access Direct Debit via a bank, a bureau or GoCardless. If you would like to find out more about any of these options, turn to [Chapter 5](#) of this guide.

GoCardless is the UK's leading Direct Debit payments provider. It lets you automate the whole payment process and manage everything online. It offers:

- **Quick and easy sign up.** You can [sign up](https://gocardless.com/merchants/new) ([gocardless.com/merchants/new](https://gocardless.com/merchants/new)) instantly and for free.
- **Easy and efficient management.** You can collect recurring and one-off payments automatically. We manage everything else for you.
- **Simple, low pricing.** All it costs is 1% per transaction, capped at £2. [Scale pricing](https://gocardless.com/pricing) ([gocardless.com/pricing](https://gocardless.com/pricing)) is also available.

- **Hassle free sign up for customers.** Potential donors can sign up there and then and set up their payments online. The easier your sign up the more likely it is that people will sign up.

Visit our [website \(gocardless.com/charities/\)](https://gocardless.com/charities/) for more information on how GoCardless can help you reduce failed payments and improve donor experience.

# Chapter 3 – How does Direct Debit work?

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# Introduction to Direct Debit mandates

An introduction to Direct Debit mandates explaining what they are, what they look like and how you can set one up.

## What is a Direct Debit mandate?

To collect Direct Debit payments you need to set up a mandate. This is an authorisation from your customer to collect future payments from them when they are due. It is also called a “**Direct Debit Instruction**”.

## What a Direct Debit mandate looks like:

PDF Mandate

## How can I set up a Direct Debit mandate?

### 1. Prepare a mandate form and give it to your customer

To set up a Direct Debit mandate, your customer will need to complete a mandate form. The three most common ways to do so are:

- **Paper.** A paper [Direct Debit Instruction form](https://gocardless.com/guides/examples/mandate.pdf) ([gocardless.com/guides/examples/mandate.pdf](https://gocardless.com/guides/examples/mandate.pdf)) can be completed by your customer and returned to you.
- **Telephone.** Your customer's details can be collected over the phone, using a bank-approved script.
- **Online.** An electronic mandate form can be completed by your customer.

### 2. Customers complete, sign and return the mandate

GoCardless makes it easy for you to set up a mandate with:

- **Your own branded payment page.** This [payment page \(gocardless.com/example-checkout\)](https://gocardless.com/example-checkout) is a securely hosted online form which you can brand.
- **A link which you can easily share via email or from your website.** You can send the link to the payment page to your customers via email or embed it into your own website. Customers can then complete the form online in seconds.

### 3. Submit the completed mandate to the bank

The mandate will become active within a couple of working days.

GoCardless submits any mandates on your behalf. You just need to tell us when you want to collect by. To find out about how this differs for banks and bureaux check out our 60 second guide to accessing the Direct Debit scheme in [Chapter 5](#) of this guide.

# Paper vs paperless Direct Debit

A comparison of paper and paperless Direct Debit to help you decide which is the best option for you.

As a quick reminder, paperless Direct Debit is set up over the phone or online while paper Direct Debit uses paper mandate forms. To help you decide which one is best for you we've pitted them against each other:

## Customer acquisition

**Paper** – Getting a signed form is an incredibly simple way to get authorisation where you already meet with your customers in person. It isn't so good where you don't – your customer will have to download and print a form to sign before posting it back to you. Plus you'll need to manually process the Direct Debit mandate before storing it securely.

**Paperless** – If you sign up customers remotely online or over the phone, you will need a paperless Direct Debit solution. You may also prefer to set people up in person using a tablet or mobile device. Getting paperless authorisation avoids the need for manual processing. However, to use paperless Direct Debit you'll need access to an online device at the point of sale.

**Summary:** Paperless is the simplest option unless you don't have easy access to an online device at the point of sale.

## Customer preference

**Paper** - Customers without access to a computer or those who don't want to use the internet for payments or give out personal information over the phone, for example elderly people, may prefer paper mandates.

**Paperless** - Customers increasingly prefer the convenience of setting up payments online or over the phone with an increasing shift to paperless.

**Summary:** Paperless is simpler all round and, as a result, is becoming increasingly popular, however, it may not be a fit if your customers aren't comfortable using computers or the internet. We sometimes see this with businesses who have an elderly customer base.



# Storage

**Paper** – Paper mandates should be stored. You will need to produce it in case of an indemnity claim. You will need an in-house or remote storage solution and someone to manage it. You will also need to create and maintain an electronic database of the mandate information.

**Paperless** – Paperless mandates do not need to be stored as there is no physical document. You will just need an electronic database of the data and log of the signup. This helps to reduce storage and administrative overheads. The lack of a physical document can make proving authorisation more challenging in case of an indemnity claim. However, less than 0.2% of payments are charged back so this is a small risk.

**Summary:** Generally paperless makes sense as it saves so much time and effort, however, if you have an extremely high average transaction value and are concerned about chargebacks then paper may make sense.

# Process

**Paper** – Paper mandates are slower to set up, and more susceptible to human error. Customers may need to post their mandates to you, and you will need to manually re-key the data into your database.

**Paperless** – Paperless mandates involve far fewer manual processes. Customers can sign up instantly online or over the phone, and the data is entered directly into your database.

**Summary:** Paperless is less open to human error and customers can sign up quickly. This means you can start taking payments earlier.

# Cost

**Paper** – Paper Direct Debit involves significant printing, postage and storage costs. Setting up payments and sending notifications by post is extremely expensive and can cause delays which in turn cost businesses money.

**Paperless** – Paperless mandates are cheaper to set up, as they use a fully electronic process. This avoids the cost and inconvenience of printing, signing and posting paper forms. However, depending on your provider you may need to pay an additional monthly fee to use paperless services.

**Summary:** Paperless avoids the costs associated with printing, posting and storing paper mandates – even with potential costs for accessing the paperless system this remains a significant saving.



## Overall summary

**Paperless Direct Debit** is quicker, easier and cheaper than using paper. Increasingly customers prefer to set up payments online or over the phone. However, some customers continue to prefer a traditional paper set up.

# Introduction to taking payments with Direct Debit

The three things you need to know about taking payments with Direct Debit.

Once you have a Direct Debit Mandate set up with your customer, you can collect Direct Debit payments from them at any time. There are three things you need to know about taking payments with Direct Debit:

- **You need to give customers advance notice.** You need to give your customer 10 working days notice of the amount and date of the payment unless you have agreed a shorter notice period. To help you check whether you are giving Advance Notice correctly we have put together [six quick questions](https://gocardless.com/guides/posts/advance-notice) ([gocardless.com/guides/posts/advance-notice](https://gocardless.com/guides/posts/advance-notice)) for you.
- **Payments clear in 3-5 days.** When you're ready to charge a customer simply submit a payment request to your bank via Bacs. How you do this will depend on your chosen Direct Debit provider – if you would like to find out more check out our guide in [Chapter 5](#) of this guide.  
**Remember:** Direct Debit payments are not instant; the Bacs three day cycle means they generally settle into your bank account after 3 working days.
- **Bacs will send you any failure reports.** You will receive a message notifying you of the reason for the failure. You will then need to speak to your customer to resolve the issue (in GoCardless's experience this is usually due to insufficient funds). If you start managing Direct Debit payments in-house you are likely to have issues initially with unnecessarily high failure rates. Using a third-party provider like a bureau or GoCardless can help with this.

## GoCardless takes all the hard work out of Direct Debit

GoCardless processes Direct Debit payments on your behalf, including:

- **Giving your customers advance notice.** GoCardless sends customers a bank approved notice of each payment three days before a debit is made giving you more flexibility around collections.
- **Optimising payment timings.** GoCardless submits mandates and payment requests for you according to our optimised payment timetable. You simply request payments in our online dashboard or via the API and we'll do the rest for you.
- **Handling any failure reports on your behalf.** We receive reports from the bank and update your payment statuses so you know what's going on. GoCardless manages any payment failures for you and our simple system reduces failure rates to less than 1%.

Now that you know how taking payments with the Direct Debit system works, you'll need to decide how to access it. There are three options for doing so - the one you choose depends on the size of your business and your requirements. To find out more, check out our 60 second guide to accessing the Direct Debit scheme in [Chapter 5](#) of this guide.

# The Direct Debit Guarantee: A beginner's guide

A brief explanation of what the Direct Debit Guarantee is and what it means to you.

The Direct Debit Guarantee provides a number of safeguards for customers to protect them from payments being taken incorrectly or fraudulently. (It is also known as the “**Direct Debit Indemnity**”). In practice, less than 0.2% of payments are charged back.

We've written about the Direct Debit Guarantee in our in-depth [user guide to to Direct Debit](https://gocardless.com/direct-debit/guarantee/) ([gocardless.com/direct-debit/guarantee/](https://gocardless.com/direct-debit/guarantee/)), but thought it might be useful to explain very briefly what the guarantee is and what it means to you.

## How does the Direct Debit Guarantee protect customers

In a nutshell, the Guarantee protects customers in three ways:

1. **Advance notice.** Customers must be told the amount and date of each payment in advance. To help you check whether you are giving Advance Notice correctly we have put together [six quick questions](https://gocardless.com/guides/posts/advance-notice) ([gocardless.com/guides/posts/advance-notice](https://gocardless.com/guides/posts/advance-notice)) for you.
2. **Immediate refunds.** Customers can get a full and immediate refund from their bank (known as an “**indemnity claim**”) for any payment taken in error.
3. **Instant cancellations.** Customers can cancel a Direct Debit at any time through their bank.

## Three useful tips to prevent non-fraudulent indemnity claims

1. **Provide clear contact information and good customer service.** This will encourage customers to channel their complaints to you first, before calling up their bank to request a refund.
2. **Send invoices in advance.** This gives customers a chance to raise any issues and, if necessary, cancel a payment before it is made.

3. **Follow the Direct Debit scheme rules.** Make sure you or your provider precisely follow the rules around mandates and timings.

## Minimising the risk of indemnity claims with GoCardless

Our processes are designed to minimise the risk of our clients receiving an indemnity claim:

- **Invoices sent in advance for you.** We give your customers three days notice of any payments via email.
- **Provide clear contact information and good customer service.** GoCardless offer a first stop for customer support. We help you to manage any indemnity claims from your customers.
- **Immediately notify you of any claims.** We will notify you of any claims immediately and then work with you and your customer to understand the reason and retake the payment if appropriate.
- **Follow the Direct Debit scheme rules.** GoCardless keep up to date with all Direct Debit scheme rules. We precisely follow all the Direct Debit rules and help you to do the same.

To find out more about how you can reduce the risk of indemnity claims or dispute claims, check out our guide to the [Direct Debit Guarantee \(gocardless.com/direct-debit/guarantee/\)](https://gocardless.com/direct-debit/guarantee/), part of our in-depth [user guide to Direct Debit \(gocardless.com/direct-debit/\)](https://gocardless.com/direct-debit/).

# Chapter 4 – How does Direct Debit compare to other payment types?

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# What is the best way to take regular payments?

A table summarising the differences between credit card (CPA), cash, cheque or Bacs transfer and Direct Debit.

There are a number of different ways to take regular payments. You could use standing orders, regular payments by credit card (known as a 'continuous payment authority'), cash, cheque or Bacs transfer. Or you could use Direct Debit.

While we obviously think Direct Debit is the simplest and most efficient option, which is best for you will depend on your business. To help you decide which is the right option for you, we've summarised each in this short table.

	Cash/cheque/ Bacs	CPA	Standing Order	Direct Debit
What is it?	One-off payments by cheque or bank transfer.	A pre-authorisation from customers to take any future payments from their credit card.	A fixed, regular bank transfer set up and managed by the customer.	A pre-authorisation from customers to take any future payments direct from their bank account.
Transaction fees	~£1.50 + 1 hour to pay in	3% + 20p	Free	1%
Failure rates	Variable	~5%	Variable	< 1%
Flexibility	Low	High	Low	High
Late payment risk	High	Mid	Mid	None

Admin required	High	Mid	High	Low
Best for	Elderly customers and one-off, high value payments	Consumer subscriptions, low value payments	Strictly fixed payments to small businesses	All consumer subscriptions, regular bills & regular B2B invoicing.

# Standing order vs Direct Debit

Direct Debit and standing order are both automatic payment methods but have some important differences.

Standing orders and Direct Debit are two of the most common methods used for taking regular payments. They are often confused because they do accomplish broadly the same thing – letting you collect money from a customer's account on a set date, however, there are some subtle but crucial differences between the two.

## What are standing orders and Direct Debit?

### 1. Direct Debit and standing order are both automatic payment methods

- A standing order is an instruction your customer gives to their bank to pay you a fixed amount at regular intervals whether this is weekly, monthly, quarterly or yearly.
- With Direct Debit, your customer authorises you to collect money directly from their bank account whenever a payment is due. Direct Debit payments can vary in frequency and amount.

### 2. You control a Direct Debit. Customers control a standing order

- A standing order is set up by customers. They choose the amount and frequency, and can change or cancel it without notifying you.
- In contrast, you have full control over the payments you take by Direct Debit. You decide how much and how often you collect from customers. You can vary the amount and frequency of collections without further authorisation from the customer and are notified automatically by the Direct Debit system of any cancellations or failures.

## Direct Debit vs standing order

Here's a quick comparison of the two payment methods for you:

	Standing order	Direct Debit
<b>Set up</b>	<b>No provider needed.</b> Your customer controls the set up. You are dependent on them. This is unfeasible if you have > 25 customers.	<b>Bank/provider needed.</b> You control the set up and the amount and date of payments.
<b>Cost per payment</b>	<b>Ostensibly free.</b> You may incur a small charge from your bank for each payment.	<b>Low.</b> Expect to pay 20 - 40p or 1%, depending on your provider.
<b>Failure rates and notifications</b>	<b>Vary by industry.</b> No notifications. It can take more than a month to find out about failures then you'll need to chase the customer to set up another payment.	<b>Very Low.</b> < 1% with GoCardless. Automatic notification. You are notified automatically of failures and can re-submit the payment when you want to.
<b>Flexibility of payments</b>	<b>Fixed payments at regular intervals only.</b> If you need to amend the amount or date of a payment, the standing order will need to be cancelled and a new one set up. You will need to convince customers to change the standing orders themselves!	<b>High.</b> You can collect variable amounts or change the amount or date of payments without asking customers for further authorisation.
<b>Risk of late payment</b>	<b>Medium - high.</b> Once set up, low risk, but many businesses struggle to get customers to set up their standing order quickly, or to amend it as required.	<b>Low.</b> You can charge customers when a payment is due.

<b>Admin required</b>	<b>High.</b> <ul style="list-style-type: none"> <li>• Check bank statement daily to see what payments</li> <li>• No notification when a payment fails</li> <li>• Manually update your accounts</li> </ul>	<b>Very low.</b> <ul style="list-style-type: none"> <li>• Automatically submit 1000s of payments at once</li> <li>• Automatically update your accounts</li> <li>• Instant notifications when payments fail</li> <li>• Easily track payments without checking bank statements</li> </ul>
<b>Customer protection</b>	<b>Low.</b> No customer protection once payments are made. This gives merchants greater protection.	<b>High.</b> Immediate refunds from your bank in the event of an incorrect payment.

## Should I use standing order or Direct Debit?

Which is the right option for you depends on two key things:

- Your organisation size
- Your customer base
- Your payments

### 1. Standing orders are great for very small organisations

If you have less than 25 customers, standing order may be a good option for you. Standing orders are great for smaller organisations or clubs with close relationships with their members.

However, if you have more than 25 customers Direct Debit is probably a better option for you. With a standing order, you will always need to check your bank account when a payment is due to find out whether a payment has actually been set up or if a payment has failed. On the other hand, with Direct Debit you set up the payments so you'll know that everything's in place. What's more, you'll be notified of any failures straight away so you'll always know when you have and haven't been paid without needing to trawl through your accounts.

## 2. Standing order is good if you are close to your customers

If you have less than 25 customers who you can trust to set up a standing order when asked and continue to make the payments this could be a great option for you as your customer does all the hard work for you.

However, if you aren't sure whether you can trust your customers to set up or maintain a standing order then Direct Debit could be a better option for you.

## 3. Standing order is only suited to regular, fixed payments

Both Direct Debit and standing order are great for regular, fixed payments like rent or subscriptions. However, standing order isn't great for paying bills with variable amounts or frequencies such as utility bills or credit card debts or where you may want to increase fees or upgrade subscriptions in the future. One of the greatest benefits of Direct Debit is its flexibility. You are in control so you can adjust the amount or frequency of payments whenever you need to (as long as you give your customer the required advance notice ([gocardless.com/guides/posts/advance-notice](https://gocardless.com/guides/posts/advance-notice))).

Both standing order and Direct Debit could be used to make one-off payments – although neither of them are typically thought of as one off payment methods. As with regular payments, Direct Debit for one-off payments means you control the payment, so you know that the payment has been set up and when you'll receive it. That means there's no chance of a customer forgetting to set up their standing order or setting it up on the wrong date.

If you think Direct Debit might be for you and would like to find out more about how GoCardless could help you to make your payments process cheaper and easier, visit [gocardless.com](https://gocardless.com)

# Credit card vs Direct Debit

Continuous Payment Authority (or Continuous card payments) and Direct Debit both enable you to take and manage payments easily but there are some important differences. This guide gives a comparison of both to help you decide which might work best for you.

Direct Debit and Continuous Payment Authority card payments are two of the most common methods used for taking regular payments.

Both enable you to take and manage payments from thousands of customers easily, but you should be aware of some important differences.

## CPA and Direct Debit are both automatic payment methods

- A Continuous Payment Authority (CPA) is an authorisation given by a customer for you to take payments from them by credit or debit card. Payments can vary in frequency and amount. (Other names for CPA include **"recurring transactions"**, **"continuous card payments"**, **"recurring payments"**, **"continuous authority transactions"** or **"guaranteed payments"**.)
- A Direct Debit is an authorisation from a customer that enables you to take payments from their bank account. These payments can also vary in frequency and amount.

## CPA is taken via credit cards, whereas Direct Debit payments are taken directly from your bank account

- CPA payments are taken by credit or debit card. Customers must supply you with their 16 digit card number, which is then linked to your bank account by the card networks and settlement banks.
- Direct Debit payments are taken directly from your customer's bank account. Customers sign up to the Direct Debit using their bank account number and sort code.

# Continuous Payment Authority vs Direct Debit

Here's a comparison of the two payment methods for you:

	CPA	Direct Debit
Set up	Customers sign up using their credit or debit card number by phone, online or in person.	Customers complete a Direct Debit Mandate form online, by paper or over the phone using their bank account number and sort code.
Cost per payment	<b>High.</b> Typically around 3% + 20p per payment plus a monthly fee for a merchant account.	<b>Low.</b> Expect to pay 20 - 40p or 1% per transaction, depending on your provider.
Failure rates	<b>High.</b> c. 5% due to credit card expiry and cancellation.	<b>Very low.</b> < 1% with GoCardless. This is much better for customer retention.
Flexibility of payments	<b>High.</b> You can collect variable amounts or change the amount or date of payments without asking customers for further authorisation	<b>High.</b> You can collect variable amounts or change the amount or date of payments without asking customers for further authorisation.
Risk of late payment	<b>Low.</b> You can charge customers when the payment is due.	<b>Low.</b> You can charge customers when a payment is due.
Admin required	<b>Mid.</b> You will need to chase customers to update their details when cards expire or are cancelled. Expect this to happen at least every 3 years per customer.	<b>Low.</b> Uses bank details which rarely expire or are cancelled so churn is much lower.
Customer protection	<b>Medium.</b> Chargebacks are possible with credit cards.	<b>High.</b> Immediate refunds from your bank with no time limit in the event of an incorrect charge.

CPAs and Direct Debit can both be used for recurring payments, including those which vary in amount and frequency.

CPAs offer many similar benefits to Direct Debit but suffer from higher failure rates due to card expiry and cancellation. This is a bad experience for your customers. It creates unnecessary work



for them having to update their details and they may even decide to let their payments lapse to avoid the hassle. By contrast, Direct Debit payments use a customer's bank details, which rarely expire or change.

Therefore, CPA should only be used for regular payments instead of Direct Debit if you require next-day payments, e.g. if you are delivering physical goods online. Otherwise, due to lower failure rates and lower costs, Direct Debit should be used.

To find out more about using Direct Debit to collect payments visit [gocardless.com/new-to-direct-debit](https://gocardless.com/new-to-direct-debit)

# Cash, cheques and Bacs transfer vs Direct Debit

A comparison of Direct Debit and cash, cheques and Bacs transfer.

Many businesses accept regular payments by cheques, cash or Bacs transfer. Increasingly, however, SMEs across the country are turning to Direct Debit because it is simpler and cheaper.

## Cash and cheque

Cash and cheque are the traditional option for collecting regular and one-off payments. Customers have full control over when and how much they pay through these methods.

## Bacs transfers

A Bacs transfer (or "Bacs Direct Credit" or "Direct Deposit") is a secure service which enables organisations to make payments direct into another bank or building society account. Using a Bacs transfer, your bank allows you to credit another account by using either your personal or business banking service. You will need the name of the payee, the name of their bank, the payee's bank account number and sort code (and will need the same details for the account to be debited).

Bacs transfers are typically used by organisations to pay salaries, pensions, state benefits and tax credits but like cash and cheques, they can also be used by customers for one-off payments. Customers have full control over when and how much they pay through these methods.

Bacs transfer payments work on a three day cycle, taking three working days to clear. Payments are submitted to Bacs on the first day, processed by the banks on the second day, and simultaneously taken from the sender account and credited to the recipient account on the third day.

## Direct Debit

Direct Debit is an authorisation from a customer that enables you to take regular payments from their bank account. Direct Debit payments can vary in frequency and amount, so you can collect however much you need to when you need to.



# Cash, cheques and Bacs transfer vs Direct Debit

To help you make the right decision for you, here is a quick summary of the differences between Direct Debit and Bacs payments for your business:

	Cash/cheques/Bacs Transfers	Direct Debit
Cost per payment	<b>High.</b> ~£1 + 1 hour to pay in	<b>Low.</b> 20 - 40p or 1% per payment depending on provider
Failure rates and notifications	<b>Low – None.</b> Cash: None, Cheques/Bacs transfers: Low. You will not be notified of failures.	<b>Very Low.</b> < 1% with GoCardless. Automatic notification. You are notified automatically of failures and can re-submit the payment when you want to.
Flexibility of payments	<b>Low.</b> You will need to convince customers to make any changes to their payments themselves.	<b>High.</b> You can collect variable amounts or change the amount or date of payments without asking customers for further authorisation
Risk of late payment	<b>High.</b> You are dependent on customers paying on time.	<b>Low.</b> You can collect a payment whenever it is due.
Admin required	<b>High.</b> <ul style="list-style-type: none"> <li>• Manually pay in cheques</li> <li>• Manually update accounts</li> <li>• Manually check bank statements to see that Bacs transfers have been paid.</li> <li>• Manually reconcile each month.</li> </ul>	<b>Very low.</b> <ul style="list-style-type: none"> <li>• Automatically submit 1000s of payments at once</li> <li>• Automatically update your accounts</li> <li>• Instant notifications when payments fail</li> <li>• Easily track payments without checking bank statements</li> </ul>
Customer protection	<b>Low.</b> Once payments are made, no refunds.	<b>High.</b> Immediate refunds from your bank with no time limit in the event of an incorrect charge.

# Which payment method is right for me?

## Cash, cheque or Bacs transfers

You should use cash, cheque or Bacs transfers if:

- You have very few customers to keep track of
- You are mainly collecting one-off payments
- You want to collect high-value payments (and want to avoid paying transaction fees on these)

## Direct Debit

You should use Direct Debit if:

- You are taking regular payments
- You don't need payments to arrive instantly
- You have many customers to keep track of and want to reduce admin time

To find out more about using Direct Debit to collect payments, visit [gocardless.com/new-to-direct-debit](https://gocardless.com/new-to-direct-debit)

# Chapter 5 – How can I access Direct Debit

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# How to access Direct Debit: A 60 second guide

There are three options you can use to access the Direct Debit system. This guide will walk you through each to help you decide which is best option for you.

There are three options you can use to access the Direct Debit system. This guide will walk you through each to help you decide which is best option for you.

## 1. Direct access via a bank

- You can access the scheme directly through your bank. This is best for big businesses signing up customers with paper Direct Debit.
- If you are able to meet certain criteria they will issue you with a "Service User Number" ("SUN"), which means you can submit payments into the system yourself.

## 2. A Direct Debit bureau

- A Direct Debit bureau is a third party which handles Direct Debit payments on your behalf either using your own SUN or using the Bureau's SUN.
- A bureau is great if you need the full-suite of phone, paper and paperless Direct Debit and want to manage everything yourself from scratch; if not take a look at GoCardless.
- They're best for smaller businesses who want to sign up customers with paper mandate forms.

## 3. GoCardless

- With GoCardless you can get instant access to a fully automated Direct Debit payments service.
- This is your best option for online Direct Debit, if you want to get started straight away or if you want an efficient and cost effective payments solution.
- Signing up with GoCardless is free, and we manage the whole payment process for you.





## Option 1: A bank

You may wish to manage Direct Debit collection in-house. To do this your bank will need to grant you your own SUN.

### Why go through a bank?

There are two advantages:

- **Lowest cost per payment.** You will pay a small fee per payment which should decrease with volume.
- **Full control of your payments.** You will decide when and how you submit payment requests and only your company name will appear on your customer's bank statement.

### What do I need to do?

The requirements for accessing the scheme differ slightly by bank, but in general you will need to:

- Get your own SUN (Read more about the pros and cons of getting your own SUN [here](https://gocardless.com/guides/posts/sun-quiz)) ([gocardless.com/guides/posts/sun-quiz](https://gocardless.com/guides/posts/sun-quiz)).
- Put down a £100k bond with the bank to cover their risk
- Invest c. £15k in software, and staff training
- Assign 1-3 staff to manage the system
- Invest 3-6 months in setting up

For further details on what this involves, see our guide to becoming a [Direct Debit Originator](#)

### Where do I start?

The first step is to get a sponsor bank and a Service User Number. For details on getting an SUN please see our guide to [Service User Numbers](#) ([gocardless.com/direct-debit/service-user-numbers](https://gocardless.com/direct-debit/service-user-numbers)), part of our in-depth [user guide to Direct Debit](#) ([gocardless.com/direct-debit/](https://gocardless.com/direct-debit/)).

## Option 2: A Direct Debit bureau

A Direct Debit bureau is a third party which handles Direct Debit payments on your behalf. For examples, see Eazy Collect, FastPay, and SmartDebit.

There are two ways to collect Direct Debit payments using a bureau:

- **Using your own SUN.** A bureau can set one up for you. Choose this option if you would like only your business name to show on your customers' bank statements. Expect to pay c. £800 upfront. This is called "facilities management."
- **Using the Bureau's SUN.** The bureau will submit and manage payments on your behalf. Choose this option if you don't mind the name of the bureau appearing on your customers' bank statements, and would like to get started more quickly. Expect to pay c. £400 upfront, and be aware that up to 30% of your funds may be withheld each month to cover their risk.

Our [guide to SUNs \(gocardless.com/direct-debit/service-user-numbers\)](https://gocardless.com/direct-debit/service-user-numbers) should help you to decide which of these two options you prefer.

### Why use a bureau?

Compared to direct access through a bank, bureaus are cheap and quick to sign up with. They are great if you want to sign up customers with paper forms. However, while some bureaus do offer paperless Direct Debit this may be more expensive or at a lower standard.

### What do I need to do?

Direct Debit bureaus typically don't publish their pricing but typically you will be required to:

- Pay a £400 - £800 setup fee
- Pay a 40p per payment, and £1.40 to set up each new customer
- Manually reconcile reports back into your systems
- Invest 4-8 weeks setting up

### Where do I start?

The first step - and possibly the biggest challenge - is to find the right bureau for you. Ask each bureau these [8 Questions](#) to help you decide the right provider for you.

## Option 3: GoCardless

GoCardless is the UK's leading Direct Debit provider. It's a completely automated Direct Debit payments provider which lets you take, track and automatically reconcile your payments online through our simple dashboard or REST API. Customers can easily set up their Direct Debit payments online.

### Why use GoCardless?

GoCardless automates and simplifies the whole payment process for you. This has three main benefits:

- **Reduced admin.** You can collect recurring and one-off payments automatically, or at the click of a button. We manage everything else for you.
- **Powerful tools that suit you.** With GoCardless, it is incredibly easy to set up, collect and manage Direct Debit payments with our simple online tool or REST API. We also offer integrations with your accounts provider.
- **Simple, low pricing.** Our size enables us to offer you highly competitive prices. All it costs is 1% per transaction, capped at £2. Scale pricing is available too. Further information on our [pricing](https://gocardless.com/pricing) ([gocardless.com/pricing](https://gocardless.com/pricing)) is on our website.
- Our merchants often tell us that they previously found the payment process difficult to manage. Businesses like [Vax](https://vax.co.uk) have saved hours of admin time a week since switching to Direct Debit payments with GoCardless ([gocardless.com/stories/vax/](https://gocardless.com/stories/vax/)).

### What do I need?

There are no requirements for using GoCardless. Any business or charity - from sole traders to national finance companies - can sign up for free with us online and start collecting payments immediately.

### Where do I start?

For more information on how to use Direct Debit to save time and money when collecting payments, visit our website ([gocardless.com](https://gocardless.com)).

# How to become a Direct Debit originator

Term	Meaning	More details
ADDACS messages	Automated Direct Debit Amendment and Cancellation messages notify Service Users of amendments and cancellations made by their customers to their DDIs.	<a href="#">Receiving messages from Bacs</a> ( <a href="https://gocardless.com/direct-debit/receiving-messages/">gocardless.com/direct-debit/receiving-messages/</a> )
Advance Notice	Notice that must be given, under the Scheme rules, to customers of each payment before it leaves their account.	<a href="#">Taking payments</a> ( <a href="https://gocardless.com/direct-debit/payments/">gocardless.com/direct-debit/payments/</a> )
ARUDD messages	Automated Return of Unpaid Direct Debits messages notify Service Users of any unpaid Direct Debits.	<a href="#">Receiving messages from Bacs</a> ( <a href="https://gocardless.com/direct-debit/receiving-messages/">gocardless.com/direct-debit/receiving-messages/</a> )
AUDDIS	The Automated Direct Debit Instruction Service, through which all new direct Service Users must now submit requests to Bacs.	<a href="#">Submitting to the banks</a> ( <a href="https://gocardless.com/direct-debit/submitting/">gocardless.com/direct-debit/submitting/</a> )
AUDDIS messages	Automated Direct Debit Instruction Service messages notify Service Users of issues setting up or cancelling a Direct Debit Instruction.	<a href="#">Receiving messages from Bacs</a> ( <a href="https://gocardless.com/direct-debit/receiving-messages/">gocardless.com/direct-debit/receiving-messages/</a> )
Bacs	The clearing system that administers the Direct Debit scheme - all Direct Debit communications go through Bacs. Originally an acronym for "Bankers' Automated Clearing Services", you will sometimes see Bacs written as BACS.	<a href="#">What is Direct Debit?</a> ( <a href="https://gocardless.com/direct-debit/introduction/">gocardless.com/direct-debit/introduction/</a> )

Term	Meaning	More details
Bacs payment cycle	All communications through Bacs operate on the Bacs three working day cycle. See <a href="https://gocardless.com/direct-debit/timings/">timings</a> ( <a href="https://gocardless.com/direct-debit/timings/">gocardless.com/direct-debit/timings/</a> ) for more information.	<a href="https://gocardless.com/direct-debit/timings/">Payment timings</a> ( <a href="https://gocardless.com/direct-debit/timings/">gocardless.com/direct-debit/timings/</a> )
Bacstel-IP	The secure internet-based service provided by Bacs for communications between Service Users and Bacs.	<a href="https://gocardless.com/direct-debit/submitting/">Submitting to the banks</a> ( <a href="https://gocardless.com/direct-debit/submitting/">gocardless.com/direct-debit/submitting/</a> )
Bacstel-IP software	A Bacs approved software package must be used to communicate over Bacstel-IP.	<a href="https://gocardless.com/direct-debit/submitting/">Submitting to the banks</a> ( <a href="https://gocardless.com/direct-debit/submitting/">gocardless.com/direct-debit/submitting/</a> )
Bureau	An organisation that submits Direct Debit requests to Bacs on behalf of a 3rd party. A list of approved bureaux is <a href="https://bacs.co.uk/services/bacsapprovedservices/pages/approvedbureaux.aspx">published by Bacs</a> ( <a href="https://bacs.co.uk/services/bacsapprovedservices/pages/approvedbureaux.aspx">bacs.co.uk/services/bacsapprovedservices/pages/approvedbureaux.aspx</a> ).	<a href="https://gocardless.com/direct-debit/access/">Getting Access to Direct Debit</a> ( <a href="https://gocardless.com/direct-debit/access/">gocardless.com/direct-debit/access/</a> )
Counter claim	The claim raised by a Service User to dispute an indemnity claim from a customer. Counter claims must be made within 14 days of an indemnity claim being settled.	<a href="https://gocardless.com/direct-debit/guarantee/">Direct Debit Guarantee</a> ( <a href="https://gocardless.com/direct-debit/guarantee/">gocardless.com/direct-debit/guarantee/</a> )
DDICA messages	Direct Debit Indemnity Claim Advice messages notify Service Users of indemnity claims from their customers.	<a href="https://gocardless.com/direct-debit/receiving-messages/">Receiving messages from Bacs</a> ( <a href="https://gocardless.com/direct-debit/receiving-messages/">gocardless.com/direct-debit/receiving-messages/</a> )
Direct Debit Guarantee	The guarantee given on all payments made by Direct Debit.	<a href="https://gocardless.com/direct-debit/guarantee/">Direct Debit Guarantee</a> ( <a href="https://gocardless.com/direct-debit/guarantee/">gocardless.com/direct-debit/guarantee/</a> )
Direct Debit Instruction	An authorisation from your customer to collect future payments automatically. To set up a DDI your customers must complete a standardised form.	<a href="https://gocardless.com/direct-debit/mandates/">Direct Debit Mandates</a> ( <a href="https://gocardless.com/direct-debit/mandates/">gocardless.com/direct-debit/mandates/</a> )

Term	Meaning	More details
Direct Debit Instruction form	A paper form that customers must complete to authorise a Direct Debit Instruction to you. You can see an example <a href="#">here</a> . ( <a href="https://gocardless.com/guides/examples/mandate.pdf">gocardless.com/guides/examples/mandate.pdf</a> ).	<a href="https://gocardless.com/direct-debit/mandates/">Direct Debit Mandates (gocardless.com/direct-debit/mandates/)</a>
Direct Debit mandate	Alternative name for a Direct Debit Instruction.	<a href="https://gocardless.com/direct-debit/mandates/">Direct Debit mandates (gocardless.com/direct-debit/mandates/)</a>
Due date	The date a payment is due to be debited from a payer's account.	<a href="https://gocardless.com/direct-debit/mandates/">Direct Debit Mandates (gocardless.com/direct-debit/mandates/)</a>
Facilities management	A service provided by a Bureau in which they submit payments to Bacs on behalf of a merchant under a Service User Number attached to a bank account owned by the bureau.	<a href="https://gocardless.com/direct-debit/access/">Getting access to Direct Debit (gocardless.com/direct-debit/access/)</a>
Indemnity claim	A request for a refund under the Direct Debit Guarantee. Claims are assessed by the Payer's bank and funds are then recouped from the Service User automatically.	<a href="https://gocardless.com/direct-debit/guarantee/">Direct Debit Guarantee (gocardless.com/direct-debit/guarantee/)</a>
Input file	A file, in a standardised format, submitted to Bacs by Service Users to lodge new Direct Debit Instruction and payment requests.	<a href="https://gocardless.com/direct-debit/submitting/">Submitting to the banks (gocardless.com/direct-debit/submitting/)</a>
Input report	Every time a Service User submits payments or DDIs to Bacs, they receive an Input Report summarising the submission.	<a href="https://gocardless.com/direct-debit/receiving-messages/">Receiving messages from Bacs (gocardless.com/direct-debit/receiving-messages/)</a>

A Direct Debit originator is an organisation which has been

Term	Meaning	More details
Managed administration	A service provided by a Bureau in which they submit payments to Bacs on your behalf, under your own Service User Number.	<a href="https://gocardless.com/direct-debit/access/">Getting Access to Direct Debit</a> ( <a href="https://gocardless.com/direct-debit/access/">gocardless.com/direct-debit/access/</a> )
Paperless Direct Debit	Process for authorising a Direct Debit Instruction over the phone or online, instead of with a paper form.	<a href="https://gocardless.com/direct-debit/mandates/">Direct Debit Mandates</a> ( <a href="https://gocardless.com/direct-debit/mandates/">gocardless.com/direct-debit/mandates/</a> )
Paying bank	The bank or building society at which a customer's DDI is lodged.	<a href="https://gocardless.com/direct-debit/payments/">Taking payments</a> ( <a href="https://gocardless.com/direct-debit/payments/">gocardless.com/direct-debit/payments/</a> )
SEPA Direct Debit	A single Direct Debit Scheme which applies across the whole Single European Payments Area ( <a href="https://gocardless.com/guides/sepa/what-is-sepa/">gocardless.com/guides/sepa/what-is-sepa/</a> ).	<a href="https://gocardless.com/guides/sepa/">SEPA Direct Debit guide</a> ( <a href="https://gocardless.com/guides/sepa/">gocardless.com/guides/sepa/</a> )
Service User	An organisation approved by a sponsor bank to submit Direct Debit requests to Bacs.	<a href="https://gocardless.com/direct-debit/access/">Getting Access to Direct Debit</a> ( <a href="https://gocardless.com/direct-debit/access/">gocardless.com/direct-debit/access/</a> )
Service User Number (SUN)	A 6 digit unique identifier issued to every Service User.	<a href="https://gocardless.com/direct-debit/access/">Getting Access to Direct Debit</a> ( <a href="https://gocardless.com/direct-debit/access/">gocardless.com/direct-debit/access/</a> )
Sponsor bank	A bank that enables you to access the Direct Debit Scheme and provides you with a Service User Number.	<a href="https://gocardless.com/direct-debit/access/">Getting Access to Direct Debit</a> ( <a href="https://gocardless.com/direct-debit/access/">gocardless.com/direct-debit/access/</a> )

authorised by a bank to submit payments directly to the

Term	Meaning	More details
Unpaid Direct Debits	Payments which could not be collected from the customer's account, for a variety of reasons, including insufficient funds.	<a href="#">Receiving messages from Bacs</a> ( <a href="https://gocardless.com/direct-debit/receiving-messages/">gocardless.com/direct-debit/receiving-messages/</a> )
Working days	Submissions to Bacs can only occur on working days, which exclude weekends and bank holidays. Bacs provide a definitive list of <a href="#">working days for the Direct Debit system</a> . ( <a href="https://bacs.co.uk/Resources/Pages/ProcessingCalendars.aspx">bacs.co.uk/Resources/Pages/ProcessingCalendars.aspx</a> ).	<a href="#">Payment timings</a> ( <a href="https://gocardless.com/direct-debit/timings/">gocardless.com/direct-debit/timings/</a> )

## Bacs.

You may wish to manage Direct Debit collection in-house or to have more control over the payments process and customer experience than a third party provider typically gives you. To do this you will need to be a Direct Debit Originator. This guide will walk you through becoming a Direct Debit originator.

## What is a Direct Debit originator?

A Direct Debit originator is an organisation which has been authorised by a bank to submit payments directly to the Bacs. This means you can collect Direct Debit payments yourself – without needing a third party provider.

To become a Direct Debit originator and start collecting Direct Debit payments yourself you need to have a Service User Number. This guide explains what a Service User Number is and how to get one. Before reading this you may find it helpful to read our [60 second guide on the three options for getting access to Direct Debit](#), earlier in this chapter.

## What is a Service User Number?

A Service User Number (or **"SUN"**) is a unique reference which identifies organisations collecting payments by Direct Debit. You must have one to collect Direct Debit payments from your customers. It allows your customer's bank to:



- Find the name to display on your customer's bank statement
- Request refunds or make complaints
- Find out details about the organisation collecting the payment

# How do you get a Service User Number?

You can either get your own SUN or use a third party provider's in one of three ways:

1. **Via a bureau** - A Direct Debit bureau can either set up an SUN for you or you can use their SUN to collect from your customers.
2. **Via GoCardless** - GoCardless either sets up an SUN for you or lets you use our master SUN to collect from your customers.
3. **Via your preferred bank** - This gets you your own SUN, rather than using a third party's. The application process is more difficult, and outlined below.

## How to get an SUN from your Bank

### 1. Meet with your bank.

- Typically, banks will refuse your request unless you have revenues >£1m. (For some banks this can be £10m.)
- The reason for this is that access is a large responsibility and takes a lot of work from the bank's end.
- To find out more, you can talk to your relationship manager at the bank.

### 2. Submit a business plan.

- This should outline your business, metrics, and business case for using Direct Debit.
- The outcome from here will be either a rejection or they will invite you in for further interviews.

### 3. Apply to the bank's credit and risk teams.

- This is detailed and will involve you going through lots of processes and explaining why you will be a safe and responsible user of the SUN.
- The application will generally take 4-12 weeks.
- If approved, you may be asked to be FCA regulated.
- Finally, they will probably ask for personal guarantees and a bond of £50-500k.

# Should I get my own Service User Number?

	Your own SUN	Your own SUN via GoCardless	Third Party SUN
Best suited to	Large corporates taking paper Direct Debits.	Large corporates taking 500+ payments a month.	Smaller businesses, and anyone looking to automate payments.
Set up time	<b>Varies.</b> <ul style="list-style-type: none"> <li>• 6 months through a bank</li> <li>• 8 weeks through a bureau</li> </ul>	<b>Medium.</b> 4 weeks through GoCardless	<b>Short.</b> <ul style="list-style-type: none"> <li>• Instant through GoCardless</li> <li>• 4 weeks through a bureau</li> </ul>
Setup costs	<b>High.</b> <ul style="list-style-type: none"> <li>• £15k a year through a bank</li> <li>• £500 - £800 through a bureau</li> </ul>	<b>Low.</b> Free through GoCardless	<b>Low.</b> <ul style="list-style-type: none"> <li>• Free through GoCardless</li> <li>• £400 through a bureau</li> </ul>
Setup requirements	<b>Difficult.</b> Banks may ask you to put down a large bond (c. £100k) with a bank, and provide evidence of a long trading history.	<b>Simple.</b> No bonds or trading history documentation is required.	<b>Simple.</b> GoCardless allows anyone to sign up. Bureaus have some stricter requirements.
Automation	<b>Difficult.</b> There are few off the shelf systems for automating and taking payments online. You are likely to have to build it yourself.	<b>Easy.</b> GoCardless Pro lets you automate the payment process while keeping the control over the customer experience you need.	<b>Easy.</b> You can use a provider's existing automated system. GoCardless is the expert in online, automated payments.

Cost per payment	<b>Varies.</b> <ul style="list-style-type: none"> <li>• Low: If you submit thousands of number of payments each month (c. 15p per payment).</li> <li>• Mid: If you take less than 1,000 payments a month, it would be cheaper to use a third party.</li> </ul>	<b>Varies.</b> <ul style="list-style-type: none"> <li>• A £200 monthly fee plus 1p-60p per transaction. There are no other fees.</li> </ul>	<b>Varies.</b> <ul style="list-style-type: none"> <li>• Most providers charge 40p per payment, plus numerous additional charges.</li> <li>• GoCardless charges just 1% per payment with no other fees.</li> </ul>
Admin time	<b>High.</b> Requires 1-3 employees, depending on the size of your business.	<b>Low.</b> A few hours each week or month.	<b>Low.</b> A few hours each week or month.
Expertise needed	<b>High.</b> You will need high levels of expertise in the Direct Debit scheme, with ongoing training.	<b>None.</b>	<b>None.</b>
Name on your customers' bank statements	<b>Your own.</b> Your business name only.	<b>Your own.</b> Your business name only.	<b>Your provider's name.</b> This will always appear. Some can also show your business name.

If you wish to set up Direct Debit more quickly and without having to meet revenue requirements, or you want to avoid ongoing management and admin costs, opt for a third party provider. For more information, see the [8 questions you should always ask when deciding on a third party Direct Debit provider](#).

# How to prepare your business for accessing Direct Debit via a bank

This guide walks you through how to prepare your business for taking payments using Direct Debit, if you are accessing the Direct Debit scheme directly through a bank. We'll cover Direct Debit software, payment failure processes and additional requirements for paperless Direct Debit.

Once you've obtained a SUN, you need to prepare your processes and staff to manage your Direct Debit payments. This process involves four key changes and normally takes 3 – 6 months. This guide will focus on walking you through how to prepare your business for taking payments using Direct Debit.

## Preparing my business

The following four steps will help you to prepare your business and minimise errors and the risk of chargebacks under the [Direct Debit Guarantee](#):

- **Set up new software for submitting payments and downloading reports.** This software must be supplied by one of the 19 providers approved by Bacs. Bottomline and Accountis are two of the biggest.
- **Create a process for generating payment submissions.** You will need to generate a CSV file of the payments in each run. Automate this process as much as possible.
- **Create a process for handling payment failures.** 3-5 days after you submit a payment run, successful payments will settle into your bank account. Bacs will notify you of any failures and chargebacks using codes in [ARUDD](#) ([gocardless.com/guides/posts/arudd-messages](https://gocardless.com/guides/posts/arudd-messages)), [ADDACS](#) ([gocardless.com/guides/posts/addacs-messages](https://gocardless.com/guides/posts/addacs-messages)) and DDICA reports which you can download through your new software. You will need to establish new processes for:
  - Interpreting these codes
  - Updating your records
  - Notifying and resolving issues with customers.
- **Hire and train your staff** on the Direct Debit scheme rules, and how to use your new software and processes. Staff will need re-training whenever the scheme rules are updated. Updates usually take place at least every 2-3 years.



# Paperless Direct Debit

If you'd like to use paperless Direct Debit there are some additional steps you will need to take:

- **Have live AUDDIS status.** You must have completed an AUDDIS and a Paperless Direct Debit application form. These will be issued by your bank.
- **Meet AUDDIS and Paperless Direct Debit criteria.** These must be met before an application is signed off and will include technical, financial checks and the execution of a new indemnity.
- **Implement Paperless Direct Debit system amendments.** You should ensure that system amendments for AUDDIS incorporate Paperless Direct Debit requirements.
- **Get paperless Direct Debit material approved by bank.** Any scripts, confirmation letters, Internet screens and any other material must be approved prior to use.
- **Implement sign up confirmation.** This could be a voice recording or email confirmation. This will assist you in dealing with customer queries.

If you would rather not have to undertake these steps then your other option is to find a Direct Debit provider like GoCardless who can take care of all of this for you.

GoCardless is a completely automated Direct Debit payments provider, and the most popular in the UK. You can easily take, track and automatically reconcile your payments online with GoCardless, through our simple dashboard or REST API. Visit our [website \(gocardless.com\)](https://gocardless.com) for more information.

# 8 Questions to ask to find the right Direct Debit bureau

A Direct Debit bureau is a third party which submits payments into the Direct Debit system on your behalf. Finding the right one isn't always easy.

A Direct Debit bureau is a third party which submits payments into the Direct Debit system on your behalf.

There are over 20 bureaus in the UK, all of which provide a very similar service. We've put together these 8 questions to help you work out whether they are the right option for you.

## 1. How can I sign up customers?

Customers can authorise Direct Debit payments with paper or online forms, or over the phone. Most bureaus specialise in paper forms. Some offer online and telephone services too.

If you'd like to sign up customers online, make sure you ask a developer to look at a bureau's API docs before committing, and watch out for additional costs.

GoCardless ([gocardless.com](https://gocardless.com)) offers a simple dashboard you can sign up for instantly and open access to the API (our API documentation is publicly available [here](https://developer.gocardless.com) ([developer.gocardless.com](https://developer.gocardless.com))), with no set up costs or flat fees.

## 2. How do I submit payments? Can I automate this process?

All bureaus will ask you to submit a file of the payments you want to collect in each run. This could be email, fax or through an online portal.

Typically, a bureau will limit you to one or two payment runs a month. This will significantly impact your cash flow, invoicing and reconciliation processes.

Unlike other bureaus, GoCardless allows you to submit payments on any day of the month.



### 3. How can I track my payments? What reporting do you provide?

You should expect in-depth and fast reporting of all payments, including failed payments.

Most bureaus will send you a report by email containing a series of coded messages detailing the failures in each payment run. These messages are not easy to interpret, and can take a small business up to a day each month to interpret and action.

GoCardless provides you with an online Dashboard that summarises all this information for you.

### 4. Can your system integrate with my accounts?

Integrating your accounting and payment systems will save you the hassle of manually re-keying and reconciling data each month. Not all bureaus will offer an integration with your particular accounting platform. Discuss this with a potential provider to find out exactly what they can offer you.

GoCardless integrates with all the major online accounting platforms including Sage, Xero and KashFlow.

### 5. How much do you charge?

Most Direct Debit bureaus do not publish their pricing online, and their charges can be complex. Typical charges are:

- £400 - £800 setup fee (online or telephone Direct Debit is more expensive)
- £0.20 - £0.50 transaction charges
- £1.50 to set up a new customer
- £5 per payment batch
- Additional fees for retrying payments and chargebacks

Access to their API, if they have one, will cost an additional £30 a month and a £300 setup fee. All GoCardless costs is 1% per transaction, capped at £2 with no set up for monthly fees. Further information on our pricing can be found [here \(gocardless.com/pricing\)](https://gocardless.com/pricing).

## 6. Are there any restrictions?

Depending on the size of your business and the length of your trading history, a bureau may impose some restrictions on your account such as payment limits.

Typically, you will have a £800 limit per customer, per month. GoCardless has a standard limit of £5,000 per payment which can easily be lifted with some simple checks.

## 7. Will you hold back any of my funds?

Bureaus often hold back a percentage of clients' funds each month to cover their risks. If your business is small, or very new, they could withhold as much as 30% each month.

This should only happen if you are using the bureau's SUN to collect payments not if the bureau has set up your own SUN for you. With GoCardless, you can use our master SUN to collect from your customers and we will never withhold your funds from you.

## 8. How long does it take to get started?

Signing up with a bureau typically takes 4 - 8 weeks. If you're raring to get started, you could sign up online with GoCardless in just five minutes.

If after asking all of these questions you still haven't found a bureau which meets your requirements there are two other options you can consider: [direct access through your bank](#) or [GoCardless](#). To find out how GoCardless can help you automate Direct Debit payments, visit our [website \(gocardless.com\)](#).

# Glossary of UK Direct Debit terms



