



FAQ

Direct Debit Service

All your Direct Debit questions answered.

ALLIANZ-TRADE.AE

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Frequently Asked Questions: Direct Debit Service

1. What is Direct Debit?

Direct Debit is a convenient way to make regular payments directly from your current account to a merchant authorized to collect payments from you. You can set up direct debit by signing a Direct Debit Mandate form, which allows the specified company to withdraw payments automatically from your bank account as per your instructions.

2. What are the advantages of Direct Debit?

As a client, you can leverage Direct Debit (UAEDDS) for your recurring payments. The key advantages are:

1. Offers a secure and convenient payment method.
2. Ensures timely payments without the need for manual reminders, as long as sufficient funds are maintained in the account.
3. Automates the process which eliminates the need for manual follow-ups with the insurer to meet payment deadlines.
4. Eliminates reliance on paper-based payment instructions or post-dated cheques for recurring payments.
5. Offers flexibility to divide premium payments into up to 12 installments.
6. Facilitates automatic clearance of CLF invoices on their due dates.

3. If I have several bank accounts for different business lines under one license, which bank account will be used for Direct Debit?

Each payment account will be linked to the Direct Debit (DD) system to a single account. However, you have the flexibility to link multiple accounts or keep them independent, depending on your preference. The DD system is designed to facilitate payments and enhance convenience for your business operations.

4. What is DDA?

DDA stands for Direct Debit Authority. The person signing the DDA should be an account holder with a bank in the UAE.

5. What are the legal consequences of a failed Direct Debit? Would it be considered a criminal offence?

A failed Direct Debit request is legally equivalent to a bounced cheque in the eyes of the law. A Direct Debit Authority (DDA) establishes a legally binding contract between you, the creditor and the creditor's bank. This contract includes the creditor accepting payments through the UAEDDS, the creditor's bank implementing the payment requests and your bank processing payments to the creditor via the UAEDDS. In the event of a dispute, you shall submit to the jurisdiction of the UAE Courts as the DDA is governed by the applicable laws of the UAE, including Federal Law No. (18) of 1993 Commercial Transactions Law.

6. Can I cancel the Direct Debit set-up by calling my bank?

No, cancellation requests for a Direct Debit Authority (DDA) or to cancel any particular payments must be submitted in writing to your bank. The cancellation process may take up to 5 working days.

7. Can I cancel the Direct Debit set up request even if I had originally approved it?

Yes, cancellation of Direct Debit is possible for all types of Direct Debit Authorities by submitting a written request to the bank.

8. Are any charges levied for each Direct Debit from my account?

No charges apply if your account has sufficient funds to honor the Direct Debit request. Charges are levied only if your account lacks sufficient funds and the Direct Debit request is dishonored. Every time a Direct Debit request is dishonored for lack of funds in your account, your bank reserves the right to apply a charge. ENBD account holders are charged AED 300 per dishonored request. If funds are unavailable, the DDA can be resubmitted. Requests resubmitted before the cut-off time will be processed the same day, while those after the cut-off will be processed the next working day. ENBD's cut-off time is 2 PM and for other banks, it is 10 AM.

9. What are my rights when I pay for services using Direct Debit?

If you authorize payment by Direct Debit:

- a. Your Originator will notify you in advance of the amounts to be debited
- b. Your bank will accept and pay, provided your account has sufficient funds.
- c. You are entitled to request a full/partial refund of any Variable Direct Debit, the amount of which has exceeded the amount notified to you earlier by the Originator.
- d. You can instruct your bank to refuse a Direct Debit payment or cancel the Direct Debit instruction, by writing to your bank for services.

10. Can I set up Direct Debit from my USD/EURO-denominated account?

No, please be advised that only AED-denominated payments will be processed through the UAEDDS.

11. Can I set up Direct Debit from my joint account?

Yes, Direct Debit can be set up from a joint account. At the time of setting up the direct debit, ensure to imprint the signatures of all those authorized as per the mandate that you have set up at your bank.

12. How can I ensure that the amount claimed by the service provider is correct before the debit and is there a protection if an incorrect amount is claimed?

The service provider is required to notify you in advance of the amount they will be claiming. If you feel that the amount claimed is not as per your expectation, then you may invoke a STOP payment.

13. Is there protection against significant differences in consecutive claimed amounts?

The Direct Debit Mandate allows you to set up the Direct Debit as VARIABLE with a pre-agreed cap for premium invoices and fees with the insurer. This ensures deductions do not exceed the cap. The paying bank has no liability for disputes regarding variable amounts unless the cap is breached.

14. Can the insurer cancel the Direct Debit? Will I be informed if the insurer cancels Direct Debit?

Yes, the Direct Debit Authority may be canceled by the insurer at its sole discretion without a written cancellation request from you.

15. Will Direct Debits be processed on bank holidays? What happens if my account cannot be funded due to a public holiday(s)?

DDA will only be active on working days and will be collected as per the due dates provided in the form. Direct Debit instructions will not be executed on declared Banking Holidays. If the due date for a payment is during the holidays, then the payment will be due any time within 7 days immediately following the holidays. Please ensure sufficient funds are available in your account to honor direct debit commitments.

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