

Procedure



Cheque &
Credit
Clearing
Company

**SPECIAL PRESENTATION
(also known as DIRECT
PRESENTATION)**

**including ADVICE ON
FATE ENQUIRIES**

April 2011

Introduction

These procedures are provided for guidance to those banks which offer the special presentation service to their customers or which receive special presentations from other banks.

Any queries arising from these procedures should be directed to the Cheque and Credit Clearing Company Limited.

Email: info@chequeandcredit.co.uk

Telephone: 020-3217-8200

or

Write: Cheque and Credit Clearing Company
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SPECIAL / DIRECT PRESENTATION

General

For reasons of efficiency and economy, most cheques are presented through the clearing system. Presentation direct to a drawer's branch is exceptional, and is used where a collecting bank (or its customer) wishes to know whether or not a particular cheque has been paid (this is usually referred to as obtaining "advice of fate").

A special presentation does not, however, mean that value will be given more quickly to the payee than if the cheque had been cleared in the normal way. Settlement will normally be effected via BACS, CHAPS or by way of a Bank Giro Credit

Special presentation is inconsistent with the status of instruments such as banker's draft, banks' or building societies' own cheques drawn on themselves, government department or agency warrants, etc. and the special presentation of these is accordingly inappropriate. These items will, in the normal course, always be paid upon presentation. A special presentation is purely concerned with the "fate" of an item, and since there should be no doubt as to the fate of these instruments, their special presentation is largely superfluous. However, recourse may be had to this procedure where - exceptionally - there is doubt as to whether a particular instrument is genuine, or where such action is strenuously requested by the payee.

Presentation

A cheque may be presented specially by the collecting bank either by first class post, or in person by its representative. In either case, the cheque must be accompanied by a presentation form, duly completed, incorporating a tear-off bank giro credit slip and bearing the name and address of the collecting bank branch (see suggested format at Appendix A).

Although banks do not have to offer the Special Presentation service, they must, on receiving a Special Presentation, respond to it in accordance with these rules

Special presentations received after the close of business will normally be dealt with on the next working day. For most banks 'close of business' is 3:30pm. If a branch remains open after 3:30pm it is not necessarily the case that a Special Presentation can be dealt with after that time since the range of services available may be restricted.

Crossing Stamps

A cheque which is passed through the clearing must bear the name of the collecting bank, together with the sorting code and the address to which the cheque should be returned in the event of non-payment. This information may be provided by way of a crossing stamp or rear endorsement.

In the case of a Special Presentation, while it is still normal practice for a cheque to bear the collecting bank's crossing stamp (in case the cheque is lost in transit), such a cheque should not be returned simply because it does not bear a crossing stamp.

Settlement

Settlement will normally be effected as follows:

- a) for an amount less than £500,000 - by CHAPS, BACS (see PDIT15669 Bacs Operational Procedures- Members and Agency's Guide) or through the credit clearing using the bank giro credit slip attached to the presentation form;
- b) for an amount of £500,000 or more - by CHAPS payment to the collecting bank as detailed on the bank giro credit slip (or such other office as the collecting bank may designate). The CHAPS payment should be made on the day of presentation.

As a safeguard against fraud, the CHAPS message field should indicate that the payment is in settlement of a special/direct presentation and quote any reference number which has been allocated by the collecting bank. The names of the drawer or payee of the cheque should not be quoted. The remitter's name will be that of the paying bank and the beneficiary's name that of an internal account at the collecting bank.

Advice of Fate

Where a cheque is presented specially, the collecting bank may telephone the paying bank for "advice of fate". Where presentation is made in person by a representative of the collecting bank, advice of fate may be requested at that time.

The paying bank will normally seek to reply to such enquiries as and when they are made, assuming that it has access to such information as may be needed for a reply to be formulated.

Exceptionally, the paying bank may indicate that, if given discretion in the matter, it would seek to delay its reply until the close of that day's business. In Scotland, a Special Presentation will receive an immediate response even if received by the paying bank branch after 3:30pm assuming that the paying bank has access to such information as may be needed for a reply to be formulated. In such instances, it is for the collecting bank to decide whether to ask for an immediate reply or agree to a deferment.

When an enquiry is made by telephone as to the fate of a cheque which is the subject of a special presentation, both parties to the call must exchange their names (forename and surname). Both parties must note the time and date of the call. Once the paying bank has replied that the cheque has been paid, its response may not subsequently be varied.

It is not permissible for the collecting bank, instead of making an enquiry, to ask the paying bank to telephone if the cheque is not paid.

Form of Reply

When responding to a request for advice of fate, the paying bank should state either:

- a) that the cheque is paid, or
- b) that the cheque is unpaid, in which case the reason should also be given in the same terms as would be used on the cheque itself (e.g. "refer to drawer").

Non Payment

If a specially presented cheque is unpaid, it is to be returned to the office of the collecting bank which has sent it, or as otherwise directed by the collecting bank, together with the presentation form which is to be marked "No entries passed". The reason for dishonour is to be written on the cheque.

Non-Settlement Members

Banks which use other banks as their clearing agents should adhere to the above procedures.

Status of the Presenting Bank

A Member will normally refuse to act on a special presentation if the presenting (i.e. the collecting) bank has not been allocated a sorting code. A directory of bank branches and other financial institutions to which code numbers have been allocated is published annually by APACS and is updated monthly.

OTHER ADVICE OF FATE ENQUIRIES

CHEQUES PRESENTED THROUGH THE CLEARING SYSTEM

General

Exceptionally, where a cheque has already been presented through the clearing system, the collecting bank (either for its own comfort, or on the payee's behalf) may wish to establish its fate, e.g., where the proceeds of that specific cheque are to be paid away or otherwise relied upon.

Presentation

Where it is known at the time of paying in that the fate of a particular cheque will need to be established, that cheque should be presented specially rather than through the clearing system.

Settlement

There are no special arrangements for settlement, which is effected in the normal way through the clearing system (the settlement process will have already commenced when the cheque was paid in at the collecting bank branch).

Advice of Fate

Providing the collecting bank has sufficient details of the cheque in question to establish the cheque's identity beyond reasonable doubt, it may telephone the paying bank for "advice of fate".

The paying bank will normally seek to reply to such enquiries as and when they are made, providing it has received the cheque through the clearing and assuming that it has access to such information as may be needed for a reply to be formulated.

Where the cheque has been received in the clearing of the day on which the enquiry is made, the paying bank is entitled (if it so wishes) to delay its reply until the close of that day's business (see Note below). In such instances, the onus is on the collecting bank to telephone again after that time.

Where an enquiry is made by telephone as to the fate of a cheque which has been presented through the clearing system, both parties to the call must exchange their name (forename and surname). Both parties must note the time and date of the call. Once the paying bank has replied to such an enquiry, its response may not subsequently be varied.

To ensure that the incoming call is indeed from a bank branch and not from a fraudster or some other unauthorised person seeking information, some banks may prefer to call back with their response, using only a telephone number obtained from the directory of sorting code numbers.

Form of Reply

When responding to a request for advice of fate, the paying bank should state either:-

- (a) that the cheque is paid: or
- (b) that the cheque is unpaid, in which case the reason should also be given in the same terms as would be used on the cheque itself (eg, "refer to drawer"); or
- (c) that a reply will not be given until the close of that days' business.

Non-Settlement Members

Banks which use other banks as their clearing agents should adhere to the above procedures.

Status of the Enquiring Bank

A member will normally refuse to respond to such fate enquiries if the bank making the enquiry has not been allocated a sorting code. A directory of bank branches and other financial institutions to which code numbers have been allocated is published annually by APACS and is updated monthly.

Note

In the normal course, for most banks "close of business" is 3.30pm, regardless of whether a branch remains open after 3.30pm.

CHEQUES PRESENTED BY THE BENEFICIARY AT THE PAYING BANK

General

Occasionally, the payee of a cheque may seek to determine its fate by presenting it, in person at the paying bank branch and asking the paying bank whether the cheque will be paid. It should be noted, however, that some banks may not be prepared to accept cheques so presented. For example, some banks may not accept a cheque for the credit of an account held by another bank.

This practice **does not fall** within the definition of a special presentation, for which the cheque must be accompanied by a presentation form, duly completed by a collecting bank.

Presentation

Providing the paying bank can also satisfy its obligations as collecting banker, it may be prepared to accept the cheque with an appropriate paying slip for credit to the payee's account.

Settlement

There are not special arrangements for settlement, which is effected in the normal way through the clearing system.

Advice of Fate

The paying bank will normally respond only to an enquiry from the collecting bank and is entitled (if it so wishes) to delay its reply until the close of that day's business (see Note below). In such instances, the onus is on the payee to arrange for the appropriate telephone call to be made.

Where an enquiry is made by telephone as to the fate of a cheque paid in at the paying bank branch, both parties to the call must exchange their names (forename and surname). Both parties must note the time and date of the call. Once the paying bank has replied to such an enquiry, its response may not subsequently be varied.

To ensure that the incoming call is indeed from a bank branch and not from a fraudster or some other unauthorised person seeking information, some banks may prefer to call back with their response, using only a telephone number obtained from the directory of sorting code numbers.

Form of Reply

When responding to a request for advice of fate, the paying bank should state either:-

- (a) that the cheque is paid; or
- (b) that the cheque is unpaid, in which case the reason should also be given in the same terms as would be used on the cheque itself (eg, "refer to drawer"); or
- (c) that a reply will not be given until the close of that day's business.

Non-Settlement Members

Banks which use other bank as their clearing agents should adhere to the above procedures.

Status of the Enquiring Bank

A member will normally refuse to respond to such fate enquiries if the bank making the enquiry has not been allocated a sorting code. A directory of bank branches and other financial institutions to which code numbers have been allocated is published annually by APACS and is updated monthly.

Notes

In the normal course, for most banks "close of business" is 3.30pm regardless of whether a branch remains open after 3.30pm.

For cheques paid in after this time where notice is given that they will be processed the following day, "close of business" also refers to the following day.

In Scotland it is considered that there is no legal basis (under Scottish Law) for withholding advice of fate, either from the payee or until "close of business".

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