

*Bespoke Customer Payment Solutions*

# Moving Customers to Direct Debit

---

# Introduction

Late invoice payments can have a huge impact on your business. A 2017 study by [MarketInvoice](#) found that 62% of invoices issued by SMEs in the UK were paid after their due date. Not only does this affect your company's finances, but it can also have the knock-on effect of wasted time chasing overdue payments.

Thankfully, there is a solution.

Direct Debit offers a convenient, secure and efficient method of collecting payments which is proven to increase customer satisfaction and retention. Not only does transferring customers to Direct Debit reduce average debtor days, but it also reduces the time spent chasing invoices, saving you both time and money with minimal effort. Direct Debit also allows you to know exactly how much money is coming into your company and when it will arrive, reducing cash flow issues and allowing for easier financial planning.

Given the benefits Direct Debit can deliver to your business, you may be wondering how to sell it to your customers. Here's what this guide will cover:



Introducing London & Zurich to customers



Addressing customer objections



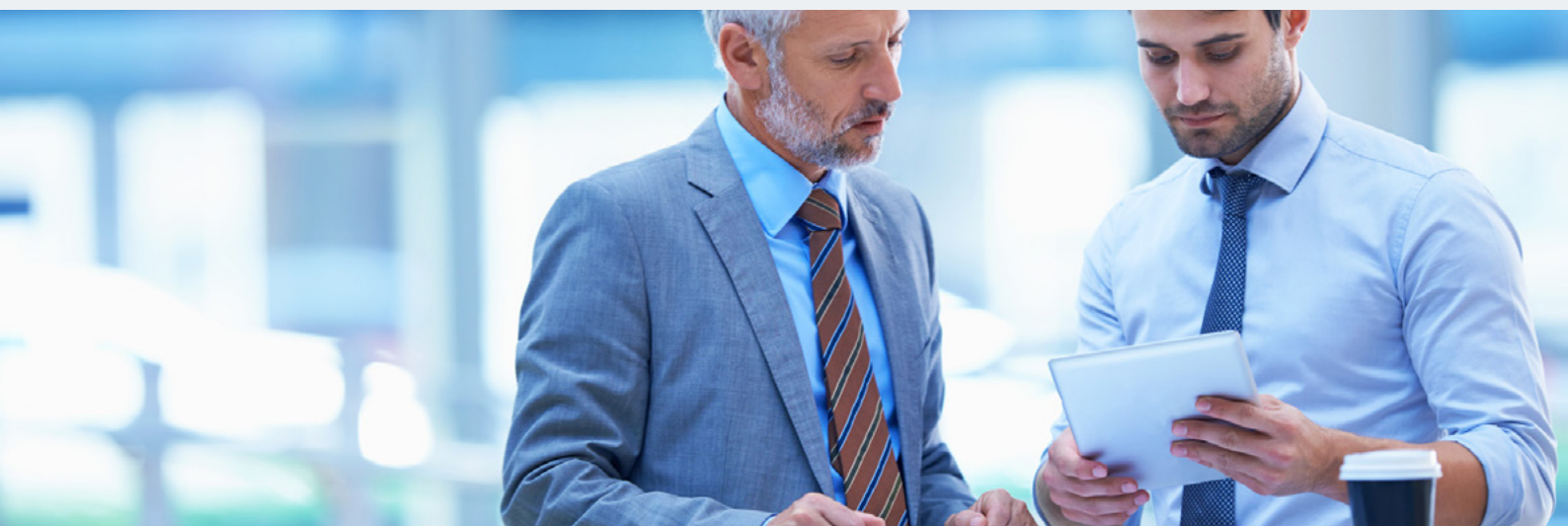
Asking customers to make the switch



Switching from different payment types



What does switching to Direct Debit involve?





# Introducing London & Zurich to customers

Here are some of the key things you can tell your customers about London & Zurich, which should give them the reassurance they need to make the switch to Direct Debit payments.

## Who are London & Zurich?

“ London & Zurich is a financial technology company that gives businesses the ability to accept Direct Debit payments from customers. Now in its third decade of trading, the company has an exemplary record of delivering a first-class Direct Debit service which is trusted by businesses and customers alike. ”



## What is Direct Debit?

“ Direct Debit is an ultra-efficient and versatile method of payment, allowing you to authorise payment straight to a company's account. With your authorisation, businesses can withdraw payment from your building society or bank account on an agreed date, eradicating the need for invoices or payment requests, and saving time in the process. Direct Debit makes it easy to keep track of your outgoing payments - and you will always be notified before payment is taken. ”

Over the past 20 years or so, Direct Debit's reputation for security and reliability has grown to the extent that there are now [60,000 organisations employing Direct Debit](#) to take payments – in 2017, an astonishing 4.2 billion transactions were made through Direct Debit, totalling over £1.3 trillion. London & Zurich boasts twenty years of experience and expertise in the field of Direct Debit payments, offering customers a quick, simple and secure payment facility while providing a reliable and efficient service to businesses across a wide range of industries. ”

# Addressing customer objections

While it is clear that Direct Debit is the most trustworthy and effective method of payment available to businesses, customers can sometimes take a little more convincing. They may be wary of automated forms of payment, resistant to change or claim they simply don't have the time to switch to Direct Debit – but with greater understanding of the positive impact Direct Debit can have, you can convince them of the benefits and move them to a Direct Debit payment plan.

## 'I want to be able to manage payments myself'

One common reason that customers give for not wanting to move to Direct Debit is a preference to manage their own payments. It is important to reassure your customers that they can be invoiced or notified prior to money being taken, allowing them to keep on top of their outgoing payments.

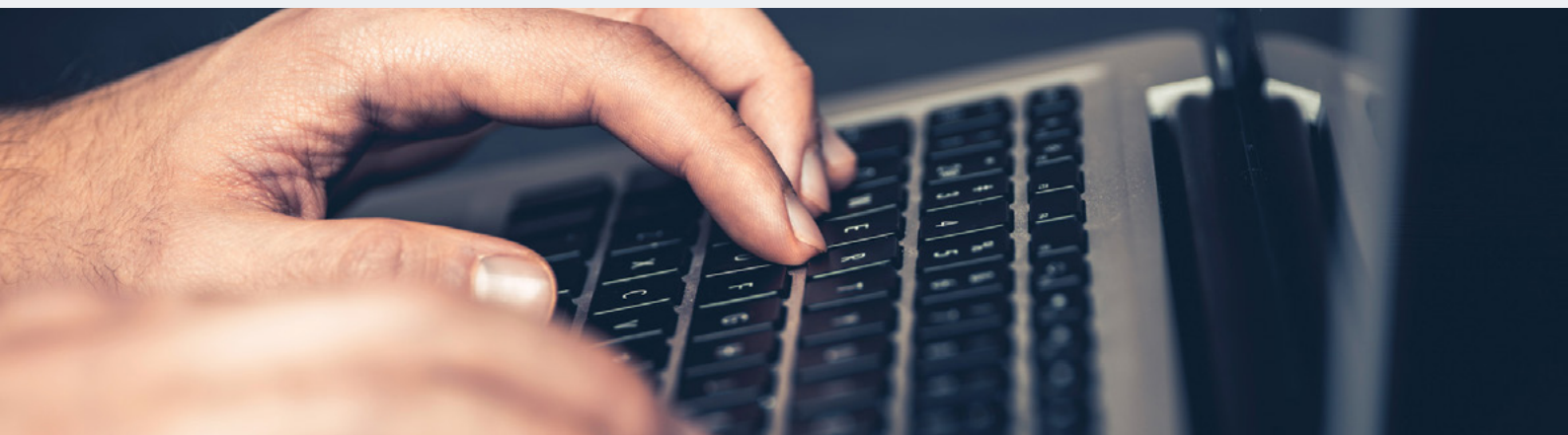
Most online banking systems allow customers to view all their Direct Debits at a glance, making it easier for them to keep their affairs in order. Thanks to the Direct Debit Guarantee, customers are guaranteed refunds when payments are taken in error, they can cancel with just a couple of clicks, and most companies allow customers to change payment dates easily.

## 'I simply don't have time to switch to Direct Debit'

Some customers may claim they don't have the time to switch to a Direct Debit payment method. However, not only is moving to Direct Debit quick and simple, it actually saves customers time in the long run. Direct Debit's automated process ensures customers won't need to set up a new bank transfer every month; they set up the Direct Debit once, and it will be automatically repeated until they say otherwise.

## 'I don't trust online banking'

Another objection you may face is that the customer does not trust online banking – but highlighting features such as the Direct Debit Guarantee should serve to reassure customers who have concerns about security. You could also mention that customers spent over £1.3 trillion via Direct Debit in 2017, with 155 million more payments made via this method than in 2016.



# Asking customers to make the switch

Convincing customers to switch to Direct Debit shouldn't be that tricky. Here's how you can approach the matter with both new and existing customers.

## New customers

Signing up new customers provides an excellent chance to guide them towards Direct Debit payment. New customers don't have any existing preferences with regard to your service and are already in direct conversation with you, so you can make the most of your sales pitch to ensure they choose Direct Debit. Simply emphasise all the benefits of the system, and the ways in which it is a superior method of payment to standard bank transfers and cheques. This is explored in more detail in the following section, 'Switching from different payment types'.

## Existing customers

Existing customers may require a different approach – they've made a conscious decision to choose one method of payment, and may be hesitant to change that method for the reasons mentioned in our 'Addressing customer objections' section. However, there will still be times when customers are more receptive to your suggestions.

1

If a customer is late with payment, it opens up an excellent opportunity to emphasise the ease and efficiency of Direct Debit, safeguarding the customer from the possibility of forgotten payments which can cause them financial problems further down the line.

2

When changing an existing customer's pricing, you may be able to open up a dialogue with regard to switching to Direct Debit. Customers don't tend to appreciate calls or emails out of the blue but are much more receptive to ideas if you're already in discussions with them.

3

For similar reasons, the start of a new tax year can provide an opportunity to discuss switching to Direct Debit; customers are more likely to consider fresh ideas at the start of a new cycle.

## Alternative methods

It is also worth considering your approach towards encouraging customers to switch: depending on your company's needs, you may need to make the switch compulsory, or you could incentivise switching as a method of persuasion.

One popular method of getting customers to switch to Direct Debit is to offer initial or ongoing discounts for doing so – not only will this help ensure people migrate to your preferred method, but it can also provide a healthy boost to your customer satisfaction levels at the same time.

# Switching from different payment types

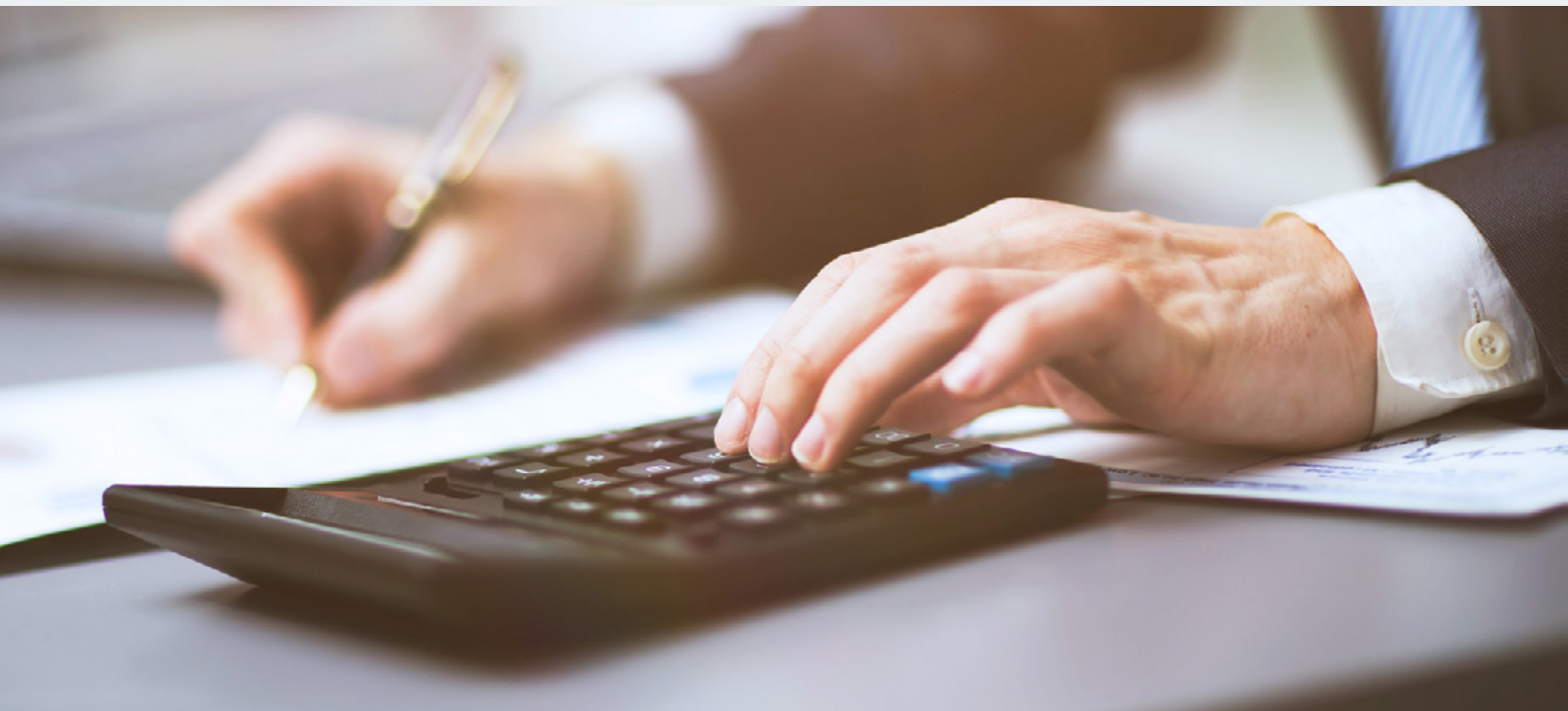
Although you should be able to establish the benefits of switching to Direct Debit, it may be useful to provide comparisons with the customer's existing method of payment in order to emphasise the advantages Direct Debit offers.

## Bank Transfers

If you're looking to persuade a customer to move from bank transfers to Direct Debit, it's important to point out the budgeting benefits of switching. Explain that Direct Debit allows them to schedule their payments, so they always know when money will leave their account – minimising the possibility of overdraft fees. Should the customer express doubts about the security of Direct Debit, let them know about the Direct Debit Guarantee scheme, which guarantees refunds on any payments taken in error.

## Cash or Cheque

Traditionally, cash and cheque were preferred methods of payment – but in the modern era, they have become outdated. All the positives of cash or cheque payments – such as security and customer control – are available with Direct Debit alongside a host of other advantages. As with bank transfers, cash and cheque payments are unnecessarily time-consuming, requiring monthly administration to avoid late-payment fees. With Direct Debit, your customer will only have to set up a payment once, and it will ensure payments are sent out each month with no further action required on their part. In other words, Direct Debit does all the admin for them.





## Standing Order

You may have some customers who pay you via standing order. While these don't suffer from the monthly administrative headaches of bank transfers, there are still numerous benefits of Direct Debit that can be emphasised. Unlike standing orders, Direct Debit doesn't require customers to set up a new payment whenever the amount payable or date changes. For those who require close control over their finances, Direct Debits provide notifications prior to payment being taken, safeguarding customers from potential overdraft fees.

Because Direct Debit requires minimal administration compared to standing orders, it can save your customers time and money in the long run. Highlighting this, alongside Direct Debit's convenience, speed and security should help you convince your customers to switch their payment method.

	Cost	Administration	Security	Control	Speed
Direct Debit	Possibility for discounts as savings are passed on to customers	'Set and forget' – set up your Direct Debit once, no more admin required	Secure payment system, Direct Debit Guarantee protects against payments in error	Easy oversight of monthly payments for efficient money management	Quick and easy transfer of payments
Cash / cheque	Inefficient payment method could mean costs passed on to customers	Monthly transfers required	No customer protection from fraud	No oversight of monthly payments	Very slow to send via post
Bank transfer	No savings	Monthly transfers required	Less protection than Direct Debit	Complex oversight of monthly payments requiring regular bank statement checks	Quick to set up, but required every month
Standing order	No savings	New SO required whenever details change	No customer protection from fraud	Complex oversight of monthly payments requiring regular bank statement checks	Quick to set up

# What does switching to Direct Debit involve?

Once you've shown your customers the advantages of switching to Direct Debit, you'll need to explain to them exactly how they can do so – and this simple, painless process can be done in no time at all.

Upon agreeing the switch with the customer, you'll just need to obtain their information over the phone via the BACS-approved paperless script, or issue the Direct Debit mandate, both of which are provided by L&Z. Both these methods authorise your company to collect the agreed payment from their account.

Once you have signed a customer up to Direct Debit through London & Zurich, we will send them a welcome letter or email. Three days before the first collection is due to be taken, they will be sent an Advanced Notice of Direct Debits email, detailing dates, account details and amounts.

**Example Company**  
Name Logo Here

Instruction to your  
Bank or Building Society  
to pay by Direct Debit

**DIRECT DEBIT**

Please fill in the whole form and send it to:

A Customer  
A Town  
A City  
A County  
AP-STD

Service User Number  
1 2 3 4 5 6

Name(s) of Account Holder(s)

Address: Number

Bank/Building Society account number

Branch Sort Code

Name and full postal address of your Bank or Building Society

Mr The Manager Bank/Building Society

Address

Postcode

Bank and building society may not accept Direct Debit Instructions for some types of account.

This guarantee should be detached and retained by the Payer

**The Direct Debit Guarantee**

- This Guarantee is offered by all banks and building societies that accept instructions to pay Direct Debits.
- If there are any changes to the amount, date or frequency of your Direct Debit L&Z or Example Company will notify you 5 working days in advance of your account being debited or an alternative request. If you request L&Z or Example Company to collect a payment, confirmation of the amount and date will be given to you at the time of the request.
- If an error is made in the payment of your Direct Debit, by L&Z or Example Company or your bank or building society you are entitled to a full and immediate refund of the amount paid from your bank or building society.
- If you receive a refund you are not entitled to, you must pay it back when L&Z or Example Company asks you to.
- You can cancel a Direct Debit at any time by simply contacting your bank or building society. Written confirmation may be required. Please also notify us.

**DIRECT DEBIT**

**London & Zurich**

Mr A N Other  
Address

**DIRECT DEBIT**

**Important: Confirmation of the set-up of your Direct Debit Instruction**

Thank you for setting up a Direct Debit Instruction with London & Zurich Ltd on behalf of <COMPANY NAME>.

Having accepted your Direct Debit details, we would like you to confirm that they are correct, please can you check the details below.

- Bank Account Name: Mr A N Other
- Bank Account Number: 0001XXXX
- Bank Sort Code: 01-02-03

Please note the account number has the last four digits replaced with X for security reasons.

For information your Direct Debit will be collected using the following details:

- Service User Number: 123456
- Service User Name: L&Z RE <COMPANY NAME>
- Reference: XXXXXX

If any of the above details are incorrect please call XXXXXXXXXX as soon as possible on 0121 012 3456 or via email at [info@londonandzurich.co.uk](mailto:info@londonandzurich.co.uk).

If you have any questions regarding the reason for the creation of this Direct Debit Instruction, please call London & Zurich Ltd on 0121 234 7985 or via email at [customer.service@londonandzurich.co.uk](mailto:customer.service@londonandzurich.co.uk).

If your details are correct you need do nothing and your Direct Debit will be processed as normal.

You have the right to cancel your Direct Debit at any time. A copy of the Direct Debit Guarantee is below.

Yours sincerely

On behalf of <Company Name>

**The Direct Debit Guarantee**

**London & Zurich**

Mr A N Other  
Address

**Advance Notice of Direct Debits**

London & Zurich have been instructed to collect payments from your account on behalf of <INSERT COMPANY>.

The Direct Debits are being processed using the following details:

- Reference: XXXXXX
- Service User Name: L&Z RE <INSERT COMPANY>
- Service User Number: 123456

The following Direct Debits have been set up to collect in respect to the above Direct Debit Instruction to collect on (or within 3 working days of):

**£20.48 on 25th July 2018**

Should you have any questions in respect of this notification, please contact <INSERT COMPANY> on 0121 012 3456 or via email at [info@londonandzurich.co.uk](mailto:info@londonandzurich.co.uk).

Yours sincerely

For and on behalf of <INSERT COMPANY>

London & Zurich Limited is registered in England & Wales number: 02379428  
Registered office - Unit 5 The Courtyard, 707 Warwick Road, Solihull, West Midlands, B91 3DA  
VAT Number: GB263382500

This email and any files transmitted with it are confidential and it may be privileged. It is intended solely for the use of the individual or entity to whom it is addressed. The views expressed may not be official policy, but the personal views of the originator. Whilst London & Zurich Limited and the sender have taken every precaution to prevent transmission of computer viruses, should this inadvertently occur we do not accept any liability. Please check for viruses before accessing attachments. If you have received this in error, please do not use, disclose, distribute, copy, print or rely on this email - contact the sender and delete the material immediately.

