

Correspondent Banking

For Financial Institutions customers only

Terms and Conditions

These Terms and Conditions are for products supplied by Commercial Banking. If you have any queries please contact your Relationship Manager.

These Terms and Conditions apply to your Vostro Account only and not to any other accounts or to any other product or service offered to you. Our other accounts, products or services are subject to their own terms and conditions and if you take any of those other accounts, products or services you will need to accept such separate terms and conditions for each.

1 Definitions and interpretation

1.1 In this Agreement 'you' or 'your' means the Financial Institution and 'we', 'us' or 'our' means Lloyds Bank.

Agreement: means together, the authenticated SWIFT message submitted by you to us requesting that we open and operate a Vostro Account on your behalf, our confirmation that we agree to open such account, these Terms and Conditions, and your authenticated SWIFT message confirming acceptance of these Terms and Conditions.

Business Day: Means 9am to 5pm (UK time) every Monday to Friday other than public or bank holidays in England and Wales, unless you are transacting through one of our branches which opens for shorter hours or we notify you of different times for the processing of payments.

CHAPS: means the Clearing House Automated Payment System and is an electronic bank-to-bank same Business Day value payment made within the UK in sterling, generally used for high value interbank transactions. CHAPS payments are fast, secure and efficient with the money being transferred irrevocably on the same Business Day (subject to any cut-off time which applies).

Commercial Banking website: means our website and associated services appearing at www.lloydsbankcommercial.com or any other URL as we may select including all software, hardware, information, content, data and other equipment used to provide such website and services.

Credit Interest Rate: means the rate of interest paid on your Vostro Account (if any) as agreed in writing with your Relationship Manager.

Euro Payment Day: means a day on which TARGET2 is open for settlement of payments in euro.

Financial Institution: means the entity that completes the authenticated SWIFT message confirming agreement to these Terms and Conditions.

Indirect Participation: means the participation by you in an available clearing scheme under the sponsorship of Lloyds Bank.

Lloyds Banking Group: means Lloyds Banking Group plc and any of its subsidiaries from time to time.

Lloyds Bank: means Lloyds Bank plc, registered in England and Wales with registered number 00002065, and whose registered office is at 25 Gresham Street, London EC2V 7HN.

Payment Services Regulations: means the Payment Services Regulations 2017 (SI 2017/752), as may be amended or superseded from time to time.

Payment Services Provider: means a payment service provider as defined in the Payment Services Regulations.

TARGET2: means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system.

Uncleared Balance: means any balance which is still to be cleared through the clearing cycle after being paid into your Vostro Account.

Vostro Account: means an account held at Lloyds Bank for a financial institution customer.

Vostro Account Charging Cycle: means the monthly, quarterly or half-yearly charging cycle relating to the payment of account maintenance fees, money transmission fees and associated operational charges on your Vostro Account, as agreed with us from time to time.

1.2 The headings in this Agreement are not intended to affect the interpretation of this Agreement.

2 Your account

2.1 This Agreement is with Lloyds Bank.

2.2 You may provide us with a written document, in form and substance satisfactory to Lloyds Bank, outlining the names, signatures and titles of persons who have authority to bind you in all transactions involving your Vostro Account including but not limited to the signing of cheques (the "Authorised Signatories"). You are responsible for notifying us of any changes to the Authorised Signatories. We will not be bound by any changes until receipt of an amended document setting out the new Authorised Signatories

2.3 Alternatively, you may use authenticated SWIFT message formats or other agreed message formats to communicate with us and we shall be entitled to rely upon all such messages as authorised by you. You agree to comply with SWIFT rules and regulations or such other requirements as otherwise may be agreed between us and you. The parties to this Agreement have exchanged SWIFT RMA keys and have agreed that messages sent to us by you and to you from us will be sent in accordance with SWIFT standards.

2.4 Unless permitted by us, none of your customers shall have direct access to any services provided by us to you.

3 Purpose of the account

3.1 Your Vostro Account is for correspondent banking.

4 Running your account

4.1 We will provide you with regular statements of your Vostro Account, either daily (covering the period up to the end of the previous Business Day) or at such other periods as may be agreed with you. You agree to examine the statements, confirmations and communications sent to you within a reasonable time after receiving them and promptly to advise us of any apparent mistake or discrepancy.

4.2 If we need to investigate a transaction on your account we may require you to co-operate with us and the relevant authorities. In some cases, we will need you to give us confirmation or evidence that you have not authorised the transaction.

4.3 In certain circumstances we may refuse to accept a payment into your Vostro Account.

4.4 Subject to any legal or regulatory requirements which may apply we are authorised to act upon any instruction, agreement or arrangement that is in accordance with this Agreement without enquiring about its purpose, or the circumstances in which it was given, or about the disposition of any proceeds. You will be responsible to us for all or any of the debts on your accounts.

4.5 We may decline to act on any instruction, even if we have told you that we will in general accept that type of instruction. We may do this if we consider there is doubt about the validity of the communication and it is in our or your interest to query it with you. However, we are not obliged to check or consider the validity of your electronic communications unless we have previously agreed a system of validation with you, such as the use of digital signatures. Where we decline to act on an instruction we will, where reasonably possible, inform you of the reason why the instruction was declined. If the instruction was based on incorrect information, we will agree with you what needs to be done to correct that information.

4.6 If we discover that a payment that has been credited to your account has been made as a result of an error by us, the remitting bank or an intermediary bank we reserve the right to debit your account with the amount of that payment. We may debit your account even if this would result in it going into an unauthorised overdraft and you may have to pay any charges that may result from an authorised or unauthorised overdraft in these circumstances.

5 Payments

5.1 These Terms and Conditions include provisions relevant to the receipt of payments into and from your Vostro Account. The terms and conditions applicable to payments instructed to be made from your Vostro Account (other than payments via SWIFT), including the information to be supplied by you for the payment to be made, will vary according to the particular payment service selected by you from time to time. In the event of any conflict between these Terms and Conditions and the provisions of any service specific terms and conditions relating to the instruction and execution of payments, the service specific provisions shall take precedence.

- 5.2 You may instruct us to debit your Vostro Account and transfer funds to other financial institutions for your own account or to pay third parties at other financial institutions. All payment orders will be transmitted to us in compliance with SWIFT authentication procedures and in accordance with the SWIFT User Handbook as amended from time to time. For same day delivery, payment orders must be received before the applicable cut-off times as notified to you by your Relationship Manager. Payment orders received after the applicable cut-off time or on a non-Business Day will be treated as received by us on our next funds transfer Business Day. The execution time for the payment will be as notified to you by your Relationship Manager.
- 5.3 Cancellation and amendment of payment orders and loss of payment instruments:
- 5.3.1 When we accept a payment order, it may not be able to be cancelled or amended thereafter. Cancellation or amendment may require the consent of third parties. Notwithstanding the foregoing, if you request cancellation or amendment of an accepted payment order, we may, but are not required to, attempt to cancel or amend the payment order. If we refuse to execute a payment order we will notify you of the refusal, the reasons therefore and the procedure for rectifying any factual errors that led to that refusal at the earliest opportunity (unless such notification would otherwise be unlawful).
- 5.3.2 We may stop the use of any personalised device or personalised set of procedures agreed between us that you may use to initiate a payment transaction ("payment instrument") on reasonable grounds relating to:
- the security of any payment instrument;
 - the suspected unauthorised or fraudulent use of any payment instrument; or
 - in the case of a payment instrument with a credit line, a significantly increased risk that you may be unable to fulfil your liability to pay.
- 5.3.3 If we stop the use of a payment instrument we will inform you (unless provision of such information would compromise reasonable security measures or would otherwise be unlawful) as soon as reasonably practicable and give our reasons for doing so. We will allow the use of the payment instrument or replace it with a new payment instrument (as applicable) as soon as reasonably practicable after the reasons for stopping its use cease to exist.
- 5.3.4 You agree to use payment instruments in accordance with the applicable terms and conditions governing their issue and to take all reasonable steps to keep your payment instruments safe. You agree to notify us without undue delay on becoming aware of the loss, theft, misappropriation or unauthorised use of a payment instrument by contacting us via SWIFT MT199 message (to Lloyds Bank – LOYDGB2L) or by contacting the Payments Helpdesk on +44 (0) 845 300 0101.
- 5.4 Amounts received after the applicable cut-off times notified to you by your Relationship Manager will be deemed to have been received on the following Business Day or, where the receipt has involved a currency conversion, then such other time as notified to you by your Relationship Manager.
- 5.5 In any case where an instruction for a payment involves a foreign currency exchange, we will apply the relevant exchange rate for the time being in force. The current exchange rate is available by calling the International Payments Helpdesk on +44 (0) 845 300 0101. Rates of exchange in respect of transactions for the equivalent of £25,000 or above may be agreed on a transaction by transaction basis by calling the International Payments Helpdesk.
- 5.6 If your Vostro Account is a euro denominated account, then for the purposes of payments to and from your Vostro Account, the term "Business Day" shall be deemed to include a Euro Payment Day if a Euro Payment Day would not otherwise fall on a Business Day.
- 6 Cheques and drafts**
- 6.1 Cheques or drafts drawn on your Vostro Account will be debited on the date the item is presented to us for payment. It is strongly recommended that drafts or cheques drawn on your Vostro Account meet the required industry standards for automated processing. We shall not be responsible for delays in posting of any item that is not compliant with these standards. You agree to notify us at a minimum whenever cheques or drafts are drawn on your Vostro Account in excess of GBP5,000 or currency equivalent. If a failure to notify us of an issuance of a cheque or draft results in a loss, we shall not be liable for such loss.
- 6.2 The notification specified in clause 6.1 is required to be in the form of a SWIFT MT110 message and must include the following details about the cheque or draft being issued by you:
- the drawer bank, if the drawer bank is a branch of the sender or a bank other than the sender of the message;
 - the date of the cheque or draft;
 - the currency and amount of the cheque or draft;
 - the name of the payee indicated on the cheque or draft; and
 - the cheque or draft number indicated on the cheque or draft.
- 6.3 Cheques or drafts drawn on your Vostro Account may be returned by us unpaid for reasons such as insufficient available funds or for any other reason permitted by law and/or applicable regulations. We may also return a cheque or draft if no appropriate notification was received from you. In the case of insufficient or uncollected funds, we may at our sole discretion return the item or elect to pay such items and overdraw your Vostro Account. We may pay cheques or drafts drawn on your Vostro Account in any order we may choose.
- 6.4 Stop payments
- You may request us to stop payment on cheques or drafts drawn on your Vostro Account if we have not paid the item. You can request stop payments on cheques drawn on your Vostro Account by authenticated SWIFT message MT111, which message must include the following details:
- the drawer bank, if the drawer bank is a branch of the sender or a bank other than the sender of the message;
 - account number and name on which the cheque or draft is issued;
 - the date of the cheque or draft;
 - the currency and amount of the cheque or draft;
 - the name of the payee indicated on the cheque or draft; and
 - the cheque or draft number indicated on the cheque or draft.
- If the information provided by you is not correct or if you do not provide us with reasonable information requested about the cheque or draft, we will not be responsible for effecting the stop payment. Stop payment orders are valid for a period of six months. Stop payments will not be placed on drafts or cheques that are more than six months old.
- 6.5 Cheques or drafts which are more than six months old may be returned unpaid.
- 7 Indirect Participation**
- 7.1 In connection with any Indirect Participation you agree to comply with the relevant clearing scheme rules and you authorise Lloyds Bank as your sponsoring bank to undertake and perform all obligations in respect of your Indirect Participation.
- 8 Interest on money in your account**
- 8.1 Interest may be earned on your Vostro Account in accordance with your Vostro Account Charging Cycle. If interest is payable on your Vostro Account, interest is calculated on a daily basis on cleared credit balances at the Credit Interest Rate.
- 8.2 For the purposes of calculating interest, use of funds and back valuations may be undertaken in accordance with relevant guidelines.
- 9 Overdrafts**
- 9.1 If you do not have sufficient available funds in your Vostro Account to cover the amount of a payment instruction from your Vostro Account, we may reject the payment instruction. However, we may (without any obligation to do so) create an overdraft on your Vostro Account to enable the payment to be made.
- 9.2 If a payment into your Vostro Account is reversed and you do not have sufficient available funds in your Vostro Account to cover the amount of the reversed payment, we may (without any obligation to do so) create an overdraft on your Vostro Account to enable the reversed payment to be made.
- 9.3 If we create an overdraft on your Vostro Account or otherwise permit the balance on your Vostro Account to drop below zero, you agree to pay the amount of the overdraft promptly without notice or demand from us.
- 9.4 We may impose a fee for any overdrafts created and/or charge interest on the amount of the overdraft at a rate notified to you by your Relationship Manager.
- 9.5 We have no obligation to permit any overdraft to continue or to permit overdrafts on the basis of any prior permitted overdraft or any prior course of dealing.

10 Interbank claims

- 10.1 We will endeavour to deal with interbank claims taking the form of back valuations, forward valuations or return of payments as soon as practicable and in accordance with the relevant guidelines.

11 Fees and charges

- 11.1 We will charge you for transactions by applying the tariff relevant to your Vostro Account as agreed with your Relationship Manager when the account is opened or as subsequently agreed from time to time. A copy of this tariff will be provided to you by your Relationship Manager. You may request a copy of your tariff at any time from your Relationship Manager.
- 11.2 Account transaction charges incurred in respect of your Vostro Account will, if appropriate, be debited to your Vostro Account in accordance with your Vostro Account Charging Cycle.
- 11.3 We reserve the right to pass on to you other charges to cover the additional work involved in monitoring your Vostro Account. You will be notified in advance of these charges by your Relationship Manager.
- 11.4 We may at any time increase the charges (which includes the introduction of a new charge) by 30 days' notice in writing to you. In any such case you may elect to terminate this Agreement forthwith by notice in writing to us provided that we receive your termination notice no later than 60 days after the notice we sent you. If you elect to terminate this Agreement as aforesaid no increased charges or interest thereon shall be payable by you without prejudice to our right to be paid at the former rate to the date of actual termination.

12 Changes to Terms and Conditions

- 12.1 We may amend any of our terms and conditions, typically (but not exclusively) to:
- 12.1.1 comply with legal, fiscal or regulatory changes;
 - 12.1.2 rectify errors, omissions, inaccuracies or ambiguities; and/or
 - 12.1.3 take account of any corporate reorganisation within the Lloyds Banking Group, and reflect alterations in the scope and nature of the service which we are able to provide to you under this application in accordance with our systems' capabilities and routines and having regard to market practice and overall customer demand.
- 12.2 Changes will be notified to you in writing by post or SWIFT message and in either case may direct you to the Commercial Banking website where details of the change are posted. If a change is to your disadvantage we will give you 30 days' prior notice in writing of the change. If you do not accept the change, you may by notice in writing terminate this Agreement with immediate effect and without additional charge provided that we receive your termination notice no later than 60 days after the notice we sent you. If a change is not to your disadvantage the change shall take immediate effect provided that we will send details of the change to you within 30 days. If a major change or a lot of minor changes have been made in any one year, we will send you a copy of the new terms and conditions and/or a summary of the changes or direct you to the Commercial Banking website where the latest terms and conditions and/or a summary of the changes are posted.
- 12.3 Copies of the latest documents comprising this Agreement and all other documents and material referred to herein are available to you on request via your Relationship Manager and at the Commercial Banking website.

13 Termination/closing of accounts

- 13.1 We reserve the right not to open a Vostro Account or to require such an account to be closed without giving a reason. This applies even if closure of the account results in a loss of tax benefits and we will not be liable to compensate you for any loss of tax benefits or any other consequential or indirect losses whatsoever and howsoever arising.
- 13.2 You may close your Vostro Account on no less than 30 days' written notice to us.
- 13.3 Subject to clause 13.4, in normal circumstances, we will not close your Vostro Account without giving you at least 30 days' notice. However, examples of when we may close an account without notice include (but are not limited to):
- 13.3.1 improper use of the account;
 - 13.3.2 compliance with legal, fiscal or regulatory changes; and/or
 - 13.3.3 any other circumstances we reasonably feel require the account to be closed without notice.
- 13.4 If any notice period longer than 30 days has been agreed by us or is required by law in respect of any particular service, the longer period will prevail in respect of our provision of that service.

- 13.5 Any closure of your Vostro Account will not release you from any liability in respect of sums owing to us or from any previous liability or indemnity for any act performed by us in accordance with instructions previously received from you.

14 Liability for losses

- 14.1 Subject to clauses 14.2 to 14.4, we will only be liable for any reasonable losses, costs and expenses incurred by you which arise directly from our breach of contract or negligence in relation to the Vostro Account and if, in the ordinary course of events and with the knowledge we had, we might reasonably have expected such loss to result directly from our breach or negligence. Our liability pursuant to this clause 14.1 will be limited to the monetary amount of the relevant transaction in relation to the account pursuant to which our breach of contract or negligence occurred.
- 14.2 We will not be liable to you for any consequential or indirect loss, loss of profits, loss of business, loss of goodwill or any form of special damages arising from the operation of the Vostro Account whether such liability was reasonably foreseeable or not and whether or not we have been advised of the possibility of such loss being incurred.
- 14.3 We will not be liable to you for any fraud or mistakes on your Vostro Account, including any direct loss or damage, consequential or indirect loss, loss of profits, loss of business or loss of goodwill if you use a third party aggregation service or any other third party or agent providing services which may impact on our ability to perform our rights and obligations under these Terms and Conditions.
- 14.4 Nothing in this clause 14 excludes our liability for fraudulent misrepresentation by us, our servants or agents or our liability for death or personal injury caused by our negligence or the negligence of our servants or agents.

15 Force Majeure

- 15.1 For the purposes of this clause 15, "Force Majeure" means any abnormal or unforeseeable circumstances beyond the reasonable control of the affected party impacting its ability to perform any of its obligations under this Agreement including (without prejudice to the generality of the foregoing and without limitation), acts of God, expropriation or confiscation of facilities, any form of war, hostilities, rebellion, terrorist activity, local or national emergency, sabotage or riots, and floods, fires, explosions or other catastrophes or natural disasters, compliance with a law or governmental order, rule, regulation or direction, or failure of equipment, software or communications network(s) (including the SWIFT network) or other circumstances affecting the supply of goods or services.
- 15.2 A party shall not be responsible for failure to carry out any of its duties under this Agreement (other than as to payment) to the extent to which such failure is caused by Force Majeure, provided that the affected party:
- 15.2.1 has taken all reasonable steps to prevent and avoid the Force Majeure;
 - 15.2.2 carries out its duties to the best level reasonably achievable in the circumstances of the Force Majeure;
 - 15.2.3 takes all reasonable steps to overcome and mitigate the effects of the Force Majeure as soon as reasonably practicable;
 - 15.2.4 on actually becoming aware of the Force Majeure, as soon as and to the extent practicable informs the other party that something has happened which is Force Majeure, giving details of the Force Majeure, which services have been affected, the steps being taken to overcome and mitigate it, and a reasonable estimate of the period during which the Force Majeure will continue and confirming this information to the other party in writing as soon as reasonably practicable; and
 - 15.2.5 informs the other party as soon as possible when the Force Majeure has stopped.

16 Compliance

- 16.1 You agree that we have no responsibility for any legal or regulatory obligation to which you may be subject or the consequences of any failure on your part to comply therewith whether or not arising out of or in connection with the operation of your Vostro Account.
- 16.2 You acknowledge that we may be required, and agree that we may, if we consider it prudent, take steps for the purposes of compliance with relevant laws and regulations, including laws and regulations relating to the prevention of money laundering, terrorist financing and the provision of financial and other services to persons or entities which may be subject to sanctions. These compliance steps may include the interception and investigation of instructions and/or making further enquiries as to whether a name which might refer to a sanctioned person or entity actually refers to that person or entity. We will not be liable for any loss, liability or cost incurred by you as a result of taking any such compliance step.

17 Other terms

- 17.1 This Agreement (and any non-contractual obligations arising out of or in connection with it) is governed by and construed in accordance with the laws of England. The parties agree and submit to the exclusive jurisdiction of the courts of England.
- 17.2 In the event of overlap and/or inconsistencies between these Terms and Conditions and any other terms and conditions relating to any of our other products and services which we supply to you and which are not used in conjunction with the Vostro Account only, the terms and conditions relating to such other products and services will take precedence in respect of those products and services.
- 17.3 The Payment Services Regulations apply to these Terms and Conditions with the exception of all the provisions contained in those regulations which can be excluded in agreements with large businesses, which are excluded to the fullest extent possible
- 17.4 No transaction carried out under this Agreement shall confer any benefit on or be enforceable by any party other than you or us.
- 17.5 Please make sure you advise your Relationship Manager as soon as possible if the nature of your business changes or if you change your:
- Financial Institution name;
 - postal address;
 - phone number;
 - e-mail address;
 - SWIFT address; or
 - Authorised Signatories.
- 17.6 Any notice to be given by either party in relation to the account shall be written, sent by SWIFT message or post to the other party. The address for any such notice will be your Lloyds Bank Corporate office at 25 Gresham Street, London EC2V 7HN (SWIFT address: LOYDGB2L) (for the attention of your Relationship Manager) until further notice. The address for any such notice to you will be the address given on the accompanying SWIFT message confirming agreement of these Terms and Conditions. Either party may subsequently change address for communication by giving 7 days' notice in writing to the other party.
- 17.7 All notices or other communications between the parties shall be in the English language.
- 17.8 We aim to provide the highest level of customer service possible. If you do experience a problem, we will always seek to resolve this as quickly and efficiently as possible.
- 17.9 If you would like a copy of our complaint procedures, please contact your Relationship Manager or any of our offices. You can also find details on the Commercial Banking website, at www.loydsbankcommercial.com/contactus.
- 17.10 You undertake promptly upon request to supply to us such documentation or other evidence as is reasonably requested by us from time to time in order for us to carry out and be satisfied that we have complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations.