

# SWITCHING BANK ACCOUNTS IN LUXEMBOURG

A GUIDE



## I. Purpose of the guide

This guide explains the actions to be taken if you wish to change your current account in Luxembourg. It describes the services provided free of charge by the Luxembourg banks to every client who is a natural person<sup>1</sup>, and who wishes to transfer recurring payments (direct debit and standing orders) linked to their current account from one bank established in Luxembourg to a current account at another bank established in Luxembourg.

As a client, you are completely free to transfer all or part of your banking relationship to a different bank; your old current account can remain active or you may decide to close it. This guide, and the free facilities which are available, do not, however, cover the transfer of all banking services. There may be services other than those described in this guide (perhaps linked to a current account and possibly offered as a “package”) from which you benefit at your present bank which cannot be transferred from one bank to another or are not covered by this guide.

This guide for bank account switching transposes in Luxembourg the common principles and standards on bank account switching for which the *European Banking Industry Committee* (EBIC) has undertaken to obtain acceptance by all its member bodies (the Bankers’ Associations of the Member States of the European Union) in order to satisfy the requirements laid down by the European Commission.

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<sup>1</sup> Every individual acting for purposes which do not form part of their professional activity.

## B. Transferring recurring payment transactions from one current account to another current account at a different bank

### A. Opening a current account at a new bank

- Check the availability of the products and services.
- Ask for a document summarising the bank account details of your current account.
- Read carefully the account opening document, the general terms and conditions and the service agreements.

### B.1. Inform your debtors of your new bank account details

- B.1.** Incoming payments :
  - Draw up a list of organisations/persons who regularly transfer funds to your current account.
  - Inform the organisations/persons on this list about your new bank account details.

### B.2. Ask for your direct debits and standing orders on your old current account to be cancelled on a specified date

- B.1.** Outgoing payments :
  - Draw up a list of creditors/suppliers and active standing orders
  - Convey the new bank account details to the persons/suppliers concerned.

### B.3. Ask for direct debits and standing orders to be set up on your new current account from a date after the date of cancellation and termination of payments from your old current account

- B.2.**
  - Maintain a sufficient provision on your old current account to honour your current liabilities.
  - Agree a precise date with the old bank after which no further payments may be made.

### C. Closing the old current account

- Regularise your situation if the balance of your old current account is in the red.
- Check whether the other services that you would like to maintain with your old bank are liable to generate movements on your current account.
- Return the payment cards linked to your current account to the old bank.
- Order payment cards from the new bank.

## **II. Action to be taken in the event of a transfer of recurring payment transactions from one current account to an other current account at a different bank**

Two relationships must be managed, i.e. one with the new bank and one with the old bank.

### ***A. Opening a current account at a new bank***

Before opening a current account at a new bank, you must make sure that the latter is in fact able to provide the products and services you wish to obtain.

If you open a current account with a new bank, that bank will present a number of documents for you to sign, including an account opening document, the general terms and conditions and the agreements covering the services for which you have opted. Please read these documents carefully.

Ask for a document summarising the bank account details of your current account with the bank. You can then use these bank account details to inform all your debtors from whom you regularly receive payments into your current account, and all your creditors who collect bill payments by direct debit.

### ***B. Transfer of recurring payment services from your old current account to your new current account***

In principle, to transfer recurring payment services from your current account at your old bank to your current account at your new bank you have two options. You may:

- either take all the necessary steps yourself;

- or designate the new bank as your primary contact point. In that case, the new bank will act as an intermediary for your relations with the old bank and will assist you with the actions to be taken.

► **You take all the actions with the old bank and the new bank yourself**

**1. INFORM YOUR CREDITORS AND DEBTORS OF YOUR NEW BANK ACCOUNT DETAILS**

You must remember to inform your creditors and debtors of your change of bank and current account. Here a distinction must be made between flows of money into your current account and those leaving your current account:

- Funds credited to your current account (*incoming payments*)

Draw up a list of organisations and persons who regularly transfer funds to your current account on the basis of your account statements for the past twelve months. Please find attached for information (Annex 1, p. 11) a list, which is not exhaustive but given by way of example, of bodies that may regularly transfer money to your current account. Let them know the details of your new bank account. You may use the model letter attached (Annex 2, p. 12) for this purpose.

Bear in mind the time which the entities and persons concerned will need to implement the changes necessitated by your new bank account details.

- Funds debited to your account (**outgoing payments**)

### ***Direct debits***

If you have authorised some of your suppliers (such as the electricity company, telecommunications operator etc.) to debit your bills to your current account by direct debit, you must inform these suppliers of your new bank account details. You should draw up your own list of creditors/suppliers or ask your old bank to let you have this list. Your old bank will supply all available information free of charge within seven working days of receipt of your request if this information is available on an automated system and does not reach back for more than thirteen months.

Convey your new bank account details to the creditors/suppliers concerned. For this purpose you may use the attached model letter (Annex 3, p. 13). Your creditor/supplier will, if appropriate, contact you to ask you to sign a new direct debit form in consideration of your new bank account details.

Bear in mind the time which the entities and persons concerned will need to implement the changes required by your new bank account details.

### ***Standing orders***

Similarly, you may ask your old bank to let you have a list of your active standing orders within seven working days of receipt of your request if this information is available on an automated system and does not reach back for more than thirteen months.

**2. ASK FOR YOUR DIRECT DEBITS AND STANDING ORDERS ON YOUR OLD CURRENT ACCOUNT TO BE CANCELLED AT A SPECIFIED DATE**

For some time, requests for debits to be made (direct debit) may still reach your old current account and payment transactions may still be made via a payment card. You must maintain a sufficient provision on your old current account to be able to honour your current liabilities.

**3. ASK FOR DIRECT DEBITS AND STANDING ORDERS TO BE SET UP ON YOUR NEW CURRENT ACCOUNT FROM A DATE AFTER THE DATE OF CANCELLATION AND TERMINATION OF PAYMENTS FROM YOUR OLD CURRENT ACCOUNT**

Do not forget to agree a precise date with your old bank after which no further payments may be made.

The new bank will put in place the direct debits and standing orders on the new current account within seven working days of receipt of the specific information and documents needed for this purpose.

► **You ask the new bank to be your primary contact point**

In that case the new bank will get in touch with the old bank in order to receive, within a time limit of seven working days, a list of direct debits and standing orders. The old bank will forward this list directly to the new bank; you may ask for a copy.

You must first authorise the new bank to take all the necessary steps on your behalf. Because of the rules governing the protection of your personal data, your privacy in general and banking secrecy in particular, you must give specific written authorisation to your new bank to ask the old bank to transfer your personal information on the basis of the attached model letter (Annex 5,

p.15). The new bank may forward this authorisation to your old bank.

The new bank will help you to convey your new bank account details to the entities and third parties concerned by providing you with the attached model letters (Annexes 2, p.12 and 3, p.13) for your creditors and debtors.

The new bank will put in place the standing orders and direct debits which you wish to maintain on the new current account within seven working days of receipt of all the specific information and documents needed for this purpose. Since the old bank may not have all the necessary information, the possibility that you may yourself be required to supply information in addition to that obtained from the old bank cannot be ruled out; this may be necessary to enable the new bank to put in place direct debits and standing orders.

The new bank will also ask the old bank to cancel your direct debits and standing orders on your old current account from a particular date on.

### ***C. Closing the old account***

If you wish to close your old current account, please make sure beforehand that no future payment transaction is liable to be processed on your old current account. For some weeks, payment transactions may still be effected via a payment card and bank charges may still be due. In that case you must maintain an adequate provision on this current account to enable you to honour your current liabilities.

Do not forget to

- regularise your situation if the balance of your old current account is in the red;
- check whether the other services that you would like to maintain with your old bank are liable to generate movements on your current account;
- return the payment cards linked to your current account to the old bank. Credit/debit cards are the property of the issuing bank;
- order payment cards from the new bank.

The new bank may assist you with the necessary actions by supplying the attached model letter (Annex 4, p.14) asking for the current account at the old bank to be closed and for the remaining balance to be transferred to the current account at your new bank.

In principle, no charge is made to close a current account. However, costs may be charged to close an account which has been open for less than twelve months; this is permitted by Article 74 of the law on payment services.

The client will not incur any costs which may result from an error committed by the bank on the occasion of a change of bank account.

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Should any disputes arise between a client and a Luxembourg bank the client may refer the matter to the “Commission de Surveillance du Secteur Financier (CSSF)” which, according to article 58 of the Law of 5 April 1993 on the financial sector, as amended, shall be competent to entertain complaints by clients of persons subject to its supervision and to approach those persons with a view to achieving an amicable settlement of such complaints.

The CSSF can be reached at the following address:

Commission de Surveillance du Secteur Financier  
110, route d’Arlon  
L-2991 Luxembourg  
Tél. (00352) 26 25 1 -1

## ANNEX 1

### ***Recurring incoming payments on a current account (non-exhaustive list):***

- Salary / pension
- Rent received
- Healthcare refunds
- Complementary health insurance
- Family allowances
- Dividends, coupons received
- Interests received (example: time deposit account without interest capitalisation)
- Tax refunds

## ANNEX 2 (Standard letter)

### ***Communicating new bank account details for incoming payments (salary, pension, allowances, etc.)***

*Name First name  
Address  
Phone number*

*Name and  
address of the institute  
Recipient  
  
XX, dd/mm/yy*

**Re: Change of bank account details**

*Dear Sir/Dear Madam,*

Please note that my bank account details have changed.

My new bank account details are as follows :

Name of the bank \_\_\_\_\_

(code BIC) \_\_\_\_\_

account number (code IBAN) \_\_\_\_\_.

Please use this account for all future payments to me.

Yours sincerely,

*Signature*

## ANNEX 3 (Standard letter)

### ***Transferring direct debits to a new account (electricity bills, telephone, taxes etc.)***

*Name First Name  
Address  
Telephone*

*Name and  
address of the institution  
Recipient*

*XX, dd/mm/yy*

**Re : Change of bank account details**

*Dear Sir/Madam,*

Please note that my bank account details have changed.

My new bank account details are as follows :

Name of the bank and BIC code \_\_\_\_\_

Account number (IBAN code) \_\_\_\_\_

I kindly ask you to debit this bank account for all future payments and send me a new authorisation form, which I will return to you signed.

Yours sincerely,

*Signature*

## ANNEX 4 (Standard letter)

### *Account closure request*

*Name First name  
Address  
Phone number*

*Name and  
address of the institution  
Recipient  
XX, dd/mm/yy*

**Re : Request for the closure of a current account**

*Dear Sir, Madam,*

I hereby kindly ask you to close my current account and transfer any outstanding balance on my account (IBAN code) to (name of the bank, BIC code and IBAN code).

Yours sincerely,

*Signature*

## ANNEX 5 (Standard letter)

### *Template of an instruction to be signed by the client*

I the undersigned

Name \_\_\_\_\_ First Name \_\_\_\_\_

Born \_\_\_\_\_ in \_\_\_\_\_

Address \_\_\_\_\_

hereby instruct \_\_\_\_\_ (old bank)

to :

1. communicate to \_\_\_\_\_ (new bank) all information regarding my current account n° (IBAN CODE) \_\_\_\_\_, necessary for the transfer of all recurring payments (direct debits and standing orders) of this current account , and ;
2. close all direct debits or standing orders on this account within a period which cannot exceed a month after this information has been transferred to the new bank.

Luxembourg, \_\_\_\_\_

\_\_\_\_\_

Signature of the client

