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Mr C A Taylor
Trustees of Staffordshire Business Systems Executive Pension Scheme
33-35 Daws Lane
Mill Hill
London
NW7 4SD

26 April 2011

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Dear Mr Taylor

The cheque guarantee card scheme in the UK is closing.

The UK's cheque guarantee card scheme is closing on 30 June 2011. The Payments Council, which is the organisation that sets the strategy for UK payments, has decided to close the scheme following a decline in the use of guaranteed cheques. After 30 June, UK banks will no longer be able to use the scheme to guarantee cheques. This decision will affect every bank and all of their customers who use cheques.

What does this mean for cheque payments?

- The last time you or your customers can use the cheque guarantee hologram on a card to guarantee a cheque payment will be 30 June 2011.
- Cheques can still be used after this date, but they will no longer be covered by the guarantee, even if your card or your customer's card still carries the cheque guarantee hologram.
- Any cheques you accept may be returned unpaid if your customer does not have enough money in their account to cover them.*
- We won't provide you with new cards when the scheme closes. We'll continue to replace cards as usual, when they expire. This means cards bearing the guarantee logo will be in circulation for some time after the scheme closes.

You can find more information and factsheets from the Payments Council about their plans to close the scheme by visiting their website: www.paymentscouncil.org.uk Simply select the 'current projects' tab from the menu bar at the top of the page, then the 'cheque guarantee card scheme' option on the left.

What are the alternatives to cheques?

If your business relies heavily on accepting or issuing cheques covered by the cheque guarantee card scheme, you may want to consider other ways of making and receiving payments. We offer a number of alternative payment options you may find useful and are happy to talk through these with you.

- **Debit, credit or charge cards** – card payments offer a quick and easy alternative to cheques. For more information about our range of payment cards please visit www.lloydstsbbusiness.com If you don't already accept card payments, we offer the facility to enable you to accept card payments through Cardnet®. If you'd like to find out more about what Cardnet® can offer your business, please contact us or see the Cardnet® website.
- **Online Banking** – allows you to manage your day-to-day banking directly from your computer. Your customers can pay you, or you can pay your suppliers quickly and easily without having to wait for cheques to clear. If you want to find out more please visit www.lloydstsbbusiness.com
- **Telephone Banking** – Telephone Banking offers you a convenient, flexible service with the choice of using our automated service or speaking to an advisor. To register for Telephone Banking please call 0845 072 5555.†
- **Cash** – depending on your business and the service you offer, cash payments may be a suitable alternative.
- **Payments by cheque** – you can continue to accept cheques as mentioned above, but can't rely on the guarantee.

Continued overleaf

If you'd like any more information or advice on any of these alternatives, please contact me and I'll be happy to talk you through the options and any associated costs.

A reminder about overdraft charges.

Banks are governed by the Consumer Credit Act 1974 and as a result we need to make sure we provide you with information about how we charge for any unplanned borrowing at least once a year. So I've included a leaflet that explains our unplanned borrowing charges.

Yours sincerely



Samantha Knightley
Relationship Manager

Our service promise

We aim to provide the highest level of customer service possible. However, if you experience a problem, we will always seek to resolve this as quickly and efficiently as possible. If something has gone wrong, please bring this to the attention of any member of staff. The complaint procedures are also published on our website www.loydstsb.com/business/contactus

Please contact your relationship team or branch if you'd like this in Braille, large print or on audio tape.

www.loydstsb.com/business

*More information on the cheque clearing cycle can be found at <http://www.chequeandcredit.co.uk/246>

†Lines are open from 8am to 8pm Monday to Friday and from 9am to 1pm on Saturdays.

Cardnet® is a registered trademark of Lloyds TSB Bank plc.

We accept calls made through RND Typetalk.

Calls may be monitored or recorded in case we need to check we have carried out your instructions correctly and to help improve our quality of service.

Lloyds TSB Commercial is a trading name of Lloyds TSB Bank plc and Lloyds TSB Scotland plc and serves customers with an annual turnover of up to £15m.

Lloyds TSB Bank plc Registered office: 25 Gresham Street, London EC2V 7HN. Registered in England and Wales no. 2065. Telephone: 020 7626 1500.

Lloyds TSB Scotland plc Registered office: Henry Duncan House, 120 George Street, Edinburgh EH2 4LH. Registered in Scotland no. 95237. Telephone: 0131 225 4555.

Authorised and regulated by the Financial Services Authority under registration numbers 119278 and 191240 respectively.

Licensed under the Consumer Credit Act 1974 under registration numbers 0004685 and 0198797 respectively.

We subscribe to The Lending Code, copies of the Code can be obtained from www.lendingstandardsboard.org.uk

Lloyds TSB Bank plc and Lloyds TSB Scotland plc are covered by the Financial Services Compensation Scheme and the Financial Ombudsman Service.

(Please note that due to the schemes' eligibility criteria not all Lloyds TSB Commercial customers will be covered by these schemes.)

Important information about unplanned borrowing charges

If your account becomes overdrawn, or you exceed any agreed overdraft limit, we may allow an overdraft to be created or allow the agreed overdraft limit to be exceeded.

In these circumstances the new or excess overdraft is an unauthorised overdraft and you will be charged at the rate for unauthorised borrowing as well as other unauthorised borrowing charges which are all shown below:

- The charge for unauthorised borrowing is £15 and our standard unauthorised borrowing interest rate is 26.4%.
- Unpaid items including cheques, Direct Debits and standing orders: £35.

Interest is calculated on the cleared daily balance of the new or excess overdraft and is payable for the duration of the new or excess overdraft. This interest will be charged monthly to your account.

Additional interest may be charged if you have an overdraft facility and you do not keep your account in credit at some point during each charging period. If this happens we will charge you Hardcore Debit Interest, this rate will have been agreed previously with your relationship manager and can be found on your facility letter.

For unauthorised borrowing we may change any of our charges and interest at any time and will notify you in writing at least two months before we make any change. You will be deemed to have accepted any such change if you do not notify us to the contrary before the date any such change comes into effect. However, if you choose not to accept any change:

- you can close the account at any time before the change comes into effect provided that any outstanding amounts on the account are paid; or
- our notice of the change shall be deemed to be notice of termination as stated in your Agreement and will terminate the day before any change comes into effect. Should there be any outstanding balance on the account it will become immediately due and payable on termination.

Notification of changes will be by letter, email, text, statement inserts or messages or in any other way which is sent to you individually.

If the change is to your advantage we may change our interest rates at any time and without notice to you. We will tell you about the change by putting notices in our branches within three Business Days of making the change or by telling you personally within 30 days of making the change and we will update our website within three Business Days of an interest rate change taking effect.



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