



## Direct debit cancellations amid COVID-19

My business has closed due to a government COVID-19 shutdown order. Many of my customers wanted to keep paying us, as we have rolled out online services, however my direct debit provider has cancelled all payment arrangements without notifying me. What can I do?

Following the onset of COVID-19, we have noticed a growing trend of finance companies cancelling direct debit services without first notifying or discussing their intention to do so with their business clients.

The explanation given is that the cancellations were required because under the Australian Consumer Law (**ACL**) payments should not be received by a merchant in circumstances where the merchant does not intend to supply, or is not able to supply, the relevant goods or services.

The ACL does include provisions to that effect, however finance providers might still be at fault for cancellations if, for example:

- the business is, in fact, able to continue supplying goods or services;
- the business has already alerted the provider to that effect; or
- the underlying contract requires the provider to have provided notice.

Our Corporate team has extensive experience negotiating finance arrangements, so do contact us to discuss. For more information about issues related to trading during a pandemic, our [COVID-19 Toolkit](#) might be of assistance, as well.

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