



Explainer: Consumer Duty

For new Introduced Clients



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About your contract with Modulr

The purpose of this explanatory note is to highlight the key points which are included within your contract with Modulr (the Modulr Contract). We know that agreements relating to financial services can be complicated so have put together this reference document to help.

The Modulr Contract may refer to some payment methods, for example CHAPs and the use of cards (Payment Methods), which may not apply to you. If that is the case, then the terms and conditions relating to those Payment Methods do not apply to you.

1. Who is Modulr?

Modulr is not a bank, we are an Electronic Money Institution (EMI) which helps businesses receive and make payments more easily. This is achieved by Modulr providing Wagestream Ltd with access to our technology and our connectivity to various payment systems so that Modulr can then provide its electronic accounts and payment services to you.

Modulr carries out several activities which are known as payment services and that means we are required to be authorised by the Financial Conduct Authority (FCA). Modulr's FCA authorisation relating to its electronic money accounts can be found [here](#) under reference number 900573.

Why do I need these services from Modulr?

You are a customer of Wagestream Ltd and as a part of their services you require access to a Modulr electronic money account (Modulr Payment Account) and various Payment Methods, which Wagestream Ltd is not authorised to provide to you directly. Wagestream Ltd works with Modulr to enable you to have access to these regulated services.

A Modulr Payment Account will allow you to:

- Receive payments into this account from an external bank account.
- Make payments from this account to another account (whether held or not held by Modulr).
- Check the balance and transaction history on the account (when this functionality is enabled on your account)

Payments will be made using the Payment Methods provided by Modulr (or the external third-party bank).

2. Opening your Modulr Payment Account

What do I need to do to open a Modulr Payment Account?

1. Agree to the Modulr Contract. This confirms that you accept the terms and conditions relating to Modulr providing its regulated services to you. By agreeing to these terms, you also agree to Modulr requesting identification documents from you to check your identity. This is something which Modulr is required to do to provide its regulated services to you.

2. Once you have signed the Modulr Contract, and Modulr has confirmed to Wagestream Ltd that you have passed Modulr's identity checks, Wagestream Ltd will open a Modulr Payment Account on your behalf. This is also the time when your Modulr Contract will start. The Modulr Contract will continue until you, Modulr, or Wagestream Ltd asks for the contract to end.
3. Once your Modulr Payment Account is open, you will need to follow the requirements of your Modulr Contract. For example, we ask you to keep your security details safe and not engage in fraudulent activity.

Will Modulr share my information with other people?

To provide our regulated services to you, Modulr will be required to collect and store your personal information. Sometimes we may need to share this information with others so that we can meet our own legal requirements. This includes sharing your information with fraud prevention agencies, to help prevent fraud and money laundering, and to verify your identity. Further information on the type of information Modulr collects, why this information is collected and what this information is used for can be found on our [privacy policy](#).

If you have consented to another provider (such as an Account Information Service Provider, called a Third Party Payment Service Provider (TPP)) to have access to data relating to your Modulr Payment Account to enable the TPP to provide services to you, then you consent to Modulr providing the TPP with the data that it needs to provide its services to you. If you no longer consent to Modulr providing data to a TPP, you must let us know as soon as possible.

Do I need to pay Modulr for my Modulr Payment Account?

You don't need to pay any fees to Modulr. Fees may need to be paid to Wagestream Ltd as a part of the services which they provide to you.

How long will I have my Modulr Payment Account for?

You will have a Modulr Payment Account for as long as you remain a customer of Wagestream Ltd, and you continue to follow the requirements of the Modulr Contract. Of course, if you no longer want to use your Modulr Payment Account, you can close it any time by contacting Wagestream Ltd.

What if Modulr transfers its rights under the Modulr Contract to another provider?

We may transfer some or all of our rights and duties under your Modulr Contract to another service provider in the future, and if we do this, your Modulr Contract will continue with that service provider.

3. Making/receiving payments to my Modulr Payment Account

How long will it take for me to make/receive a payment to my Modulr Payment Account?

Once Modulr receives an instruction from you or Wagestream Ltd to make a payment from one account to another, we will ensure that the payment transaction is carried out according to the timeframe required by the Payment Method and relevant payment systems. When the payment will be received will depend on the time frame set out by the Payment Method and relevant payment systems.

Can I cancel payments from or to my Modulr Payment Account?

You can cancel any transaction which is agreed to take place on a future date, but you must notify Wagestream Ltd as soon as possible. However, we may not be able to cancel the transaction depending on the type of Payment Method used.

Are there any limits on my Modulr Payment Account?

Depending on the types of Payment Methods used, there may be limits on your Modulr Payment Account. This will be communicated to you by Wagestream Ltd when your Modulr Payment Account is being set up.

Requests for payments into your Modulr Payment Account will not be performed if:

- Your Modulr Payment Account has reached any limits which may be in place.
- Your Modulr Payment Account is blocked or has been closed.
- The person making the payment has provided the incorrect account details for your Modulr Payment Account.
- We suspect that the payment may be fraudulent.

In such circumstances the funds may be sent back to the sender without prior notification to you.

4. Keeping your Modulr Payment Account and your e-money safe

How is Modulr different from a bank?

As Modulr is not a bank, it cannot provide bank accounts. Modulr can't lend money or use money which it holds for the purposes of lending that money to others. Instead, Modulr provides payment accounts. Wagestream Ltd will provide you with access to our technology, including our connectivity to various Payment Methods so that Modulr can then provide its electronic accounts and payment services to you.

As the Modulr Payment Account is not a bank account:

- Funds in the account will not earn any interest.

- Funds in the account will not be protected by the Financial Services Compensation Scheme (FSCS), as the FSCS applies only to banks.

So, how does Modulr protect my money?

Modulr, as an EMI, is required by law to ensure that your money is protected. This protection is called safeguarding. This means that all the money which you send to your Modulr Payment Account must be protected by Modulr. Modulr does this by opening a separate bank account for its customers with a safeguarding partner in accordance with the relevant law. This bank account will be separate from Modulr's own funds and will have the same amount of money in it which you have put into the Modulr Payment Account. For example, if £1 is sent to your Modulr Payment Account, Modulr will put £1 into a separate bank account with its safeguarding partner.

If Modulr is unable to pay its debts, and is required to close its business:

- an independent insolvency professional will be appointed to return your funds to you; and
- the funds in your Modulr Payment Account will be separate from Modulr's own funds. Therefore, if Modulr owes money to other companies, your funds will not be used to pay this off. However, if Modulr does not have sufficient money to pay for the costs of the insolvency practitioner then their costs may be taken from your funds before your funds are returned to you.

Further information on Modulr's safeguarding practices can be found [here](#).

How do we protect your Modulr Payment Account

Modulr takes the protection of your Modulr Payment Account very seriously. We have secure systems in place to help us do this and we work with Wagestream Ltd ensure that your personal information and any security details (such as passwords) are kept safe. If you have access to your Modulr Payment Account, you must also keep safe any security details provided to you. You can contact Wagestream Ltd if you have any questions on this.

What if I notice a payment to or from my Modulr Payment Account which I don't recognise?

If you notice that a payment is incorrect, please contact Wagestream Ltd. Wagestream will then contact Modulr on your behalf. Once Modulr has completed its investigation, we may refund or reverse a payment transaction depending on our findings.

You will be responsible for any loss caused to Modulr, including financial losses, when that loss was caused by:

- Fraudulent use of your Modulr Payment Account.
- Irresponsible use of your Modulr Payment Account.
- Misuse of your Modulr Payment Account.

We are not responsible for any losses which are caused by:

- Events which are unusual or outside of our control, like telephone or internet failures.
- Modulr's failure to implement any controls which we agreed with you in writing to implement.
- Actions or failures by you, or anybody authorised by you to use your Modulr Payment Account.

We are also not responsible for:

- Claims against us made by any other service providers in relation to the Modulr Payment Account or any of its payment services unless this is required by law.
- Any business losses that you may suffer from.

What happens if I make a payment to a scammer?

If you make a payment from your Modulr Payment Account to later find out the recipient was a scammer, you should contact Wagestream Ltd as soon as possible. New rules from the Payment Systems Regulator which enter into force on 7 October 2024 give you a right to reimbursement if you're a victim of an APP scam. However, there are some restrictions and eligibility requirements. You can find out more about this right to reimbursement in the "About your right to reimbursement if you're the victim of an APP scam" section at the end of this document.

5. Who has access to my Modulr Payment Account?

As your Modulr Payment Account is opened by Wagestream Ltd, Wagestream will usually have access and will be able to authorise transactions from your Modulr Payment Account.

You may also have access to, and can authorise transactions for, your Modulr Payment Account depending on the services that Wagestream Ltd is providing to you. If you have any questions relating to this, you should contact the Wagestream's customer services.

Can Modulr access and make payments from/to my Modulr Payment Account?

We may suspend, restrict, or refuse to authorise use of your Modulr Payment Account, or a particular transaction where:

- We are concerned about the security of or access to your Modulr Payment Account.
- We know or suspect that your Modulr Payment Account is being used in an authorised or fraudulent manner.
- We need to do so to comply with the law and/or regulation, including for crime prevention purposes.

- The transaction would breach the limits which apply to your Modulr Payment Account.
- You have breached or repeatedly breach any term within the Modulr Contract, and you fail to resolve the matter in a timely manner.

If we do this then we will, where the law allows us to, we will let the Wagestream Ltd know. Wagestream will then let you know.

6. Your Modulr Contract

Can Modulr make changes to my Modulr Contract?

Modulr may make changes to your contract, however we must make you aware of these changes 2 months before the change happens.

Any changes to be made to your contract will be posted on Modulr's website and will also be communicated to you by either Modulr or Wagestream Ltd. Modulr will only make changes to your contract within a shorter timeframe when Modulr is required to by law.

You do not have to accept any changes to your Modulr Contract, however if you do not accept the changes then we will assume that you wish to end your Modulr Contract. This means that your Modulr Payment Account will be closed, and you will no longer have access to the Payment Methods provided through Modulr.

You will not be charged a fee by Modulr for the closure of your Modulr Payment Account. The closure of your Modulr Payment Account will also include the returning of funds from this account to your nominated bank account.

How can I end my Modulr contract and close my Modulr Payment Account?

You or Wagestream Ltd may decide to end your Modulr Contract.

If you wish to end your Modulr contract, please Wagestream Ltd who will work with Modulr to arrange for this. Once your Modulr Contract ends, you will no longer have a Modulr Payment Account. Any funds in those accounts will be returned to your nominated bank account. If you have not provided a nominated bank account, we may contact you to ask for these details.

As Modulr is providing a regulated service, we may be required to end your Modulr Contract immediately. This may be because:

- You do not meet our compliance requirements (which are required as a part of our regulated services)
- You have not complied with the requirements of the Modulr Contract.
- You, or another service provider, have acted fraudulently or have been involved in money laundering, or any other illegal activity.
- We suspect you have acted fraudulently or have been involved in money laundering, or any other illegal activity.
- We are required to end the Modulr Contract by law or at the request of a regulator.

If Modulr wishes to end your Modulr Contract for any other reason, we must give you at least 2 months' notice of this.

You can close your Modulr Payment Account at any time by contacting Wagestream Ltd's customer services. If you wish to close your Modulr Payment Account, your Modulr Contract will also automatically end. Any funds in those accounts will be returned to your nominated bank account. If you have not provided a nominated bank account, we may contact you to ask for these details.

Where can I find a copy of my Modulr Contract?

You can contact Wagestream Ltd's customer services at any time to request a copy of your Modulr Contract.

Which laws apply to my Modulr Contract?

English law will decide legal questions about the Modulr Contract. The English Courts will deal with any legal disputes under the Modulr Contract.

7. Contacting each other

When will Modulr contact me?

If you wish to close your Modulr Payment Account, and we need to send the funds in those accounts to an alternative account then we may contact you for your nominated account details. We will contact you using the details that you have provided to Wagestream Ltd. If we do contact you, we will communicate with you in English.

Who can I contact if I have problems with my Modulr Payment Account?

If you have a complaint about Modulr's services, you should contact Wagestream Ltd. Modulr will work with Wagestream to investigate your complaint. Complaints will be handled in line with Modulr's Complaints policy which can be found [here](#).

About your right to reimbursement if you're the victim of an APP scam

What are APP scams?

Authorised Push Payment (APP) scams occur when a scammer tricks you into sending money to a person or account you didn't intend to send money to, or for a purpose you didn't intend. This could happen, for example, when you believe you're sending money to buy an item online, paying an invoice, making an investment, or sending funds at the request of your bank or payment provider, only to realise later that the recipient was a scammer.

1. Your right to reimbursement

On 7 October 2024, new rules from the Payments Systems Regulator (PSR) come into force, giving you the right to be reimbursed if you fall victim to an APP scam. Not everyone is automatically eligible for reimbursement. Here's what you need to know:

- **Payment type:** The right to reimbursement only applies to payments you have made to accounts in the UK using Faster Payments and/or CHAPS.
- **Eligible customers:** The right to reimbursement only applies to individuals, sole traders, charities with annual income of less than £1 million, and microenterprises (businesses that employ fewer than 10 people with annual turnover and/or assets of less than €2 million at the group level).
- **Timeframe:** The new rules apply to payments made on or after 7 October 2024. If you're scammed, you must raise a claim within 13 months of the final payment to the scammer.
- **Claim limit:** The right to reimbursement applies up to the claim maximum set by the PSR, who have proposed £85,000 maximum.
- **Claim excess:** Modulr will charge a claim excess of £100. This will be deducted automatically from the money that is returned to you, if your claim is reimbursable.

When does the right to reimbursement not apply?

There are situations where the right to reimbursement doesn't apply. Some of these situations include:

- **First party fraud:** If you dishonestly make a claim for reimbursement when you haven't actually been scammed.
- **Gross negligence:** If you're grossly negligent, including if you ignore us when we warn you that a payment you're trying to make is probably a scam, if you don't provide us with the information we need to process your claim, if you don't report the scam to us within 13 months, or if you don't consent to us reporting the scam to the police on your behalf.
- **Other payment methods:** The rules apply to payments made through Faster Payments and/or CHAPS. Transactions via cheque, cash, or international payments are not covered.
- **Payments to certain account types:** Payments made to credit unions, municipal banks or national savings banks.
- **"On us" payments:** Payments made to other Modulr accounts.

- **Civil disputes:** If your claim relates to a civil dispute, for example, if you purchase something from a legitimate seller but are unhappy with the product you receive.

2. Reporting scams

If you believe you've been targeted by a scam, please contact Wagestream Ltd immediately. You can reach our support team at support@wagestream.co.uk or go to <https://help.wagestream.com/how-to-contact-the-support-team>

What to expect when making a claim

When you report a scam, Wagestream Ltd will ask you for details about the scam and any payment(s) that you made. These include:

- Details about the account that you used to send money to the scammer, including the account number, the sort code, and the name on the account.
- Details about the account that you made the payment to, including the account number, the sort code, and the name on the account.
- A detailed description of what happened, and the circumstances that led to it. The more detail that you're able to provide us, the better.

Our team will investigate your claim and determine whether you are eligible for reimbursement based on the criteria set by the Payment Systems Regulator. Most cases are resolved within five business days, though complex cases may take longer.

Supporting vulnerable consumers

If you have additional support needs or are in a situation that makes you more likely to be a victim of a scam, please let Wagestream Ltd know so that they can better support you. This may include things like your mental or physical health, your financial circumstances, or other life events.

If you're unhappy with the outcome

If you're dissatisfied with the outcome of your claim, you have the right to make a complaint, in line with the process set out in your Introduced Client Terms of Business. If your complaint isn't resolved to your satisfaction, you have the right to escalate it to the Financial Ombudsman Service for independent review. You can read more about how to make a complaint using this link: <https://wagestream.com/en/raising-a-complaint>

Additional support if you're a victim of a scam

There are several organisations that can provide you with additional support if you are concerned about APP fraud or you become a victim of a scam. These include:

- **CIFAS:** Register with CIFAS to prevent fraudsters from using your name to apply for products or services.

- [Take Five to Stop Fraud](#): Led by UK Finance, Take Five is a national campaign that offers straightforward and impartial advice to help everyone protect themselves from preventable financial fraud.
- [Citizens Advice](#): Providing knowledge and advice on what to do next, and giving you support on the issues you might be facing. Phone: 0808 223 1133
- [Victims Support](#): An independent charity, providing free and confidential advice to people affected by crime. Phone: 08 16 89 111