

ROYAL MAIL SCHEME FOR FRANKING LETTERS AND PARCELS 2017

This Scheme is made by Royal Mail under section 89 of Postal Services Act 2000 (as amended by the Postal Services Act 2011).

1. APPLICATION, COMMENCEMENT, REVOCATION AND CITATION

1.1

This Scheme sets out the terms applicable to the franking of Letters and to the posting of Franked Letters in the United Kingdom. This Scheme forms part of each Licence issued.

1.2

This Scheme will be effective from 7th September 2017 and may be referred to as the Royal Mail Scheme for Franking Letters and Parcels 2017. It replaces the Royal Mail Scheme for Franking Letters and Parcels 2014 (including all amending Schemes). Licences issued under the replaced Schemes are, from 7th September 2017, subject to this Scheme, but this shall not affect Royal Mail's accrued rights under those Licences.

1.3

Royal Mail may amend this Scheme at any time. Amendments will be published in the London, Edinburgh and Belfast Gazettes.

2. INTERPRETATION

2.1

The definitions of expressions used in this Scheme are set out in the Schedule to this Scheme.

2.2

References in this Scheme to the use of Franking Equipment are (except where stated or the context necessarily indicates otherwise) references to the use of Franking Equipment to indicate payment of Postage and Fees, and/or to the resetting of Franking Equipment with a view to using the equipment to indicate the payment of Postage and Fees on Letters to be posted in the United Kingdom.

3.

APPROVAL OF FRANKING EQUIPMENT AND OF MANUFACTURERS, SUPPLIERS AND MAINTAINERS

3.1

Royal Mail may at its discretion approve different models of Franking Equipment, and may approve any Person to manufacture, supply, maintain or otherwise deal with Franking Equipment.

3.2

By approving any Person to manufacture, supply, maintain or otherwise deal with Franking Equipment, Royal Mail does not become a party to any customer contract for the supply, inspection, maintenance, or otherwise in relation to Franking Equipment and does not make any

promise or commitment as to the quality, suitability, weight of items, or otherwise, concerning any goods or services supplied by that Person.

4.

RESTRICTIONS ON USE OF FRANKING EQUIPMENT

4.1

The Franking Equipment must not be used unless it has been manufactured by an Authorised Manufacturer and the Model has Royal Mail's then current approval, which Royal Mail can withdraw at any time.

4.2

Franking Equipment which has been modified in any way must not be used unless Royal Mail has given its approval of that modification to the Authorised Manufacturer.

4.3

Franking Equipment must not be used if Royal Mail withdraws its approval of the Model. Whenever Royal Mail withdraws its approval for a Model it will tell the Users in the way it decides is most suitable. Use of that Model must stop within the timescales notified to the Users by Royal Mail.

5.

APPROVAL OF USERS

5.1

Franking Equipment must not be used before the User has obtained a Licence. All Users must apply to Royal Mail for a Licence via an Authorised Manufacturer or

Authorised Supplier, who will either deal with Royal Mail on the User's behalf or instruct the User to apply for a Licence directly from Royal Mail.

5.2

If Royal Mail approves an application to use Franking Equipment it will issue a Licence to the User. Franking Equipment must not be used: (i) before a Licence has been issued to the User; (ii) after a Licence has either expired or been ended; or (iii) during any period of suspension of the Licence.

5.3

The User shall carry out all reasonable instructions given to it by Royal Mail in relation to recording details of the Franking Equipment, the issue of a Licence and the identity of the User.

6.

USER LICENCES

6.1

If an application for a Licence is rejected, Royal Mail will tell the applicant and/or the Authorised Supplier or Authorised Manufacturer by whatever means Royal Mail deems appropriate. The requirement for a User to obtain a Licence applies whether or not the User has entered into a contract with Royal Mail to receive postal services. If an applicant has neither received a Licence nor a rejection then the application has been rejected.

6.2

The Licence will include the following information

6.2.1

the User's name and address;

6.2.2

the address where the Franking Equipment will be used (**Note:** this must not be changed without Royal Mail's prior written consent);

6.2.3

the details of the Royal Mail Franking Administration Centre where the User's records will be kept;

6.2.4

the name and number of the Model of the Franking Equipment;

6.2.5

the serial number of the Franking Equipment and/or Meter; and

6.2.6

the number of the Die and/or Device (or related machine identifier).

6.3

Royal Mail may pass this information, and any amendments to it, to the Authorised Manufacturer, Authorised Supplier and Authorised Maintainer of the User's Franking Equipment, so that their records will be accurate and up to date.

6.4

The Licence allows the User, and its employees and contractors, to use the specified Franking Equipment at the address

shown on the Licence only, for the purpose of franking its own business Letters but not the Letters or other mail of any other Person. The Licence allows the User to use only that Franking Equipment named in the Licence. Any other Franking Equipment requires its own separate Licence. The Franking Equipment named in the Licence must only be used by the User, and its employees and contractors, and must not be used by any other Person.

6.5

The Licence may not be transferred to another Person. If the Franking Equipment is sold or otherwise transferred, the Licence does not transfer with it, and the User must tell the proposed new user to get a Licence from Royal Mail before using the Franking Equipment.

6.6

If the User wishes to change any of the details shown on the Licence, for example the address, the User must make a request to the Authorised Manufacturer or Authorised Supplier of the Franking Equipment, who in turn will liaise with Royal Mail. The Licence may not be changed without Royal Mail's prior written consent. Where Royal Mail agrees to the change, Royal Mail will issue a new Licence incorporating the change.

6.7

If the User permanently stops using the Franking Equipment, the User must tell each of the following in writing, either before, or,

as soon as possible after, it stops using the Franking Equipment:

6.7.1

the Royal Mail Franking Administration Centre;

6.7.2

the Authorised Manufacturer (if purchased from an Authorised Manufacturer);

6.7.3

the Authorised Supplier (if purchased from an Authorised Supplier); and

6.7.4

the Authorised Maintainer of the User's Franking Equipment (if any).

7.

PAYMENT OF POSTAGE AND FEES

7.1

It is the User's responsibility to ensure that a then current Tariff is at all times loaded onto, or is used in respect of, the Franking Equipment. Tariffs are available from Authorised Suppliers and Authorised Manufacturers and must be loaded onto compatible Franking Equipment in accordance with the instructions (if any) relating to them. The failure to use the correct Tariff may stop the Franking Equipment working and/or may lead to Royal Mail ending the Licence for that Franking Equipment.

7.2

Franking Equipment must always show the correct amount of Postage and Fees which the User has prepaid or has agreed to pay.

7.3

The value of Postage paid, shown by the Franking Mark on any Letter, must match the applicable rate set out in the relevant Scheme. If Postage on any Letter is found to be underpaid for the selected service, the Letter will be sent by the selected service and, except to the extent that the provisions of another Scheme apply, the User shall be charged for the difference between the payment franked and the correct amount for that service, together with such administrative charge as Royal Mail may decide from time to time. Together the amount of the underpayment and the administrative charge are referred to as the "**Underpayment Surcharge**".

7.4

Users are required to segregate their mail correctly by class and format. If Second Class mail is found in a First Class mailing, Royal Mail may treat it as a First Class mailing and shall charge the User for the difference between the First Class mailing and the franked amount, together with an administrative charge as Royal Mail may reasonably decide from time to time. Together the difference in the charge for the service and the administrative charge is referred to as the "**Service Surcharge**". Additionally, First Class mail found in a Second Class mailing could receive a Second Class service,

in which case the User will not be entitled to a refund or any compensation in respect of the provision of a Second Class rather than a First Class service.

7.5

Royal Mail may instruct the relevant Authorised Manufacturer or Authorised Supplier, on Royal Mail's behalf, to deduct the value of any Underpayment Surcharge and/or Service Surcharge, which is payable by the User, from the Franking Account which the User has with that Authorised Manufacturer or Authorised Supplier.

7.6

Details of the usage of the Franking Equipment and any products purchased through it will be captured electronically and collated by a Royal Mail contractor and transmitted to Royal Mail for its use.

7.7

Some Royal Mail services are subject to VAT (**Taxable Services**) but only certain Franking Equipment is capable of processing Postage and Fees for the Taxable Services. Such Franking Equipment includes **Smart Meters** and **Mailmark™ Franking Equipment**. Only a Smart Meter or Mailmark™ Franking Equipment may be used to process Postage and Fees for Taxable Services. The User must ensure that Letters which are sent using the Taxable Services are franked with Postage and Fees at the

VAT-inclusive price and a VAT invoice will be sent to the User in accordance with Royal Mail's invoicing procedures.

8. **RESETTING FRANKING EQUIPMENT**

8.1

The way in which the User prepays or pays Postage and Fees will depend on the way in which the User's Franking Equipment is set and Reset. The method of resetting will depend on the Model of the Franking Equipment.

8.2

The Franking Equipment may only be Reset in the way specified by the Authorised Manufacturer or Authorised Supplier and approved by Royal Mail. The method set out in paragraph 8.3, has Royal Mail's approval.

8.3

Remote resetting may be performed by the User using the systems offered by an Authorised Manufacturer or Authorised Supplier.

9 **OPERATIONAL REQUIREMENTS**

9.1

Users must comply with all the current Operational Requirements which are relevant to the Model of Franking Equipment which they are using. Royal Mail will publish changes to the Operational Requirements on the Royal Mail website from time to

time. If there is any conflict between the provisions of the Operational Requirements and the provisions of this Scheme, the provisions of the current Operational Requirements will prevail.

10. **INSPECTIONS, MAINTENANCE AND REPAIRS**

10.1

Franking Equipment must be kept in good working order by the User.

10.2

The User must ensure that Franking Equipment is inspected in accordance with Royal Mail's requirements, and in any case at least once every year, by an Authorised Maintainer of the User's choice who has been approved by Royal Mail to carry out inspections for that Model of Franking Equipment. In the case of Mailmark™ Franking Equipment, an annual inspection is not necessary because the connection of the Mailmark™ Franking Equipment to the relevant Data Centre and the upload of the usage data is sufficient. Royal Mail and/or its representatives may nevertheless inspect Mailmark™ Franking Equipment in accordance with paragraph 10.4.

10.3

Maintenance and repairs by Authorised Maintainers

The maintenance and repair of Franking

Equipment may only be undertaken by an Authorised Maintainer who has been approved by Royal Mail to carry out maintenance of and repairs on that Model of Franking Equipment.

10.4.

Royal Mail's inspection checks

When required by Royal Mail, a User or Person in possession of Franking Equipment must provide Royal Mail and/or its representative's with access to the relevant premises to inspect its Franking Equipment.

11.

FRANKING MARKS

11.1

Franking Marks may only be produced under the direction of, or with the approval of, Royal Mail.

11.2

A Franking Mark must be printed only:

11.2.1

in blue ink by Mailmark™ Franking Equipment and Smart Meters; and

11.2.2

in red ink by all other Franking Equipment, or in any other colour as Royal Mail may require from time to time. The ink used by the User in the Franking Equipment must meet the technical standards and security standards issued by Royal Mail from time to time, including as part of the Operational Requirements.

11.3

A Franking Mark must be clear and complete. It must appear in the top right hand corner on the front of an envelope or wrapper of the Letter, or on an address label which is stuck to the envelope or wrapper, or in such other manner that has been approved by Royal Mail as set out in the Operational Requirements.

11.4

If, in Royal Mail's opinion, a Franking Mark is not clear or complete, Royal Mail will deal with the Letter, as if the User has not paid Postage on it, as set out in the Scheme, or the User's contract or in any other way that Royal Mail considers to be the most appropriate.

11.5

Neither a Franking Mark nor slogan may consist of numbers, words, characters, symbols or marks which in Royal Mail's opinion might: (i) offend employees of Royal Mail or its contractors; (ii) make it embarrassing or difficult for Royal Mail to convey the Letter; (iii) give rise to complaints from the public, or (iv) cause Royal Mail operational or technical difficulties. If any such circumstances arise, Royal Mail may require the User to cease using the Franking Mark or slogan in question and the User shall do so immediately.

11.6

If a User prints a Franking Mark by mistake, the User may write to the Royal Mail

Franking Administration Centre to apply for a refund within 6 months of the date when the Franking Mark was printed, enclosing the franked envelopes, wrappers or other items which must total no less than £10. If Royal Mail receives all the information and evidence it requires and the amount of Postage or Fees shown by the Franking Mark is legible, Royal Mail will give the User a partial refund of the amount of Postage paid, having deducted an amount which Royal Mail considers to be reasonable to meet the administrative cost of dealing with the User's application.

12.

SLOGANS

Royal Mail reserves the right not to accept and/or convey any Letter bearing a slogan which it considers does not comply with paragraph 11. It is recommended that Users seek advice from the Royal Mail Franking Administration Centre in advance of producing or ordering a slogan.

13.

REFUSAL AND RETURN OF LETTERS, AND REMOVAL OF DIES AND DEVICES

13.1

Royal Mail has the right to refuse to accept and/or return Letters or other items which have been franked and/or to remove any Die and/or Device.

13.2

Royal Mail may take any of the steps set out in 13.1 in any of the following circumstances:

13.2.1

failure by the User to comply with any provision of any Scheme;

13.2.2

if any of the circumstances set out in paragraph 14.2, 14.3 or 14.4 happens;

13.2.3

if the User's Licence has been suspended or ended; or

13.2.4

if Royal Mail withdraws its approval for the Model of Franking Equipment

13.3

If any of the circumstances in paragraphs 13.2, 14.2, 14.3 or 14.4 apply, the User shall obtain, for Royal Mail and its agents, entry into the premises where the Franking Equipment is located and access to it and facilities for the removal of the Franking Equipment (or any part of it).

14.

ENDING A LICENCE

Ending on written notice

14.1

Royal Mail may end a Licence, at any time by giving the User not less than 14 days' advance notice in writing.

14.2

Whenever Royal Mail withdraws its approval for a Model of the Franking Equipment, then the Licence for that model shall end in accordance with the notice given to the User by Royal Mail.

Ending a Licence Immediately

14.3

If Royal Mail is notified that any of the Dies and/or Devices have been removed from the Franking Equipment, then the Licence shall be considered to have ended on that first removal. In addition, Royal Mail may end a User's Licence, immediately by giving notice to the User in any of the following circumstances:

14.3.1

if, in Royal Mail's opinion, the User has not complied with any material requirement in any of the Schemes;

14.3.2

if, in Royal Mail's opinion, the User's Franking Equipment is not in good working order;

14.3.3

if, in Royal Mail's opinion, the User has misused any Franking Equipment;

14.3.4

if, in Royal Mail's opinion, the User has used the Franking Equipment to print or stamp a Franking Mark which causes operational or technical difficulties, or, inconvenience or embarrassment to the employees of Royal Mail or its contractors generally or to the public;

14.3.5

if Royal Mail returns or refuses to accept the User's Letters, in accordance with paragraph 13;

14.3.6

if the User fails to comply with its obligations under paragraph 7.1;

14.3.7

if the User becomes bankrupt or insolvent;

14.3.8

if a liquidator, receiver, administrator, administrative receiver, trustee, manager, supervisor or similar officer is appointed in relation to the User or any of the User's property (or any application to appoint any such person is made);

14.3.9

if the User makes any arrangement with creditors;

14.3.10

if, in Scotland, the User becomes insolvent or bankrupt or an action for the User's sequestration is commenced, or if there is a legal action to seize the User's property, or if the User sets up a trust deed for the User's creditors;

14.3.11

if the User stops trading;

14.3.12

if an order or resolution is or could be made to wind up the User's business;

14.3.13

if the User's partnership is dissolved;

14.3.14

if the User dies; or

14.3.15

if the User is found guilty of any fraudulent misuse of the User's or any other Franking Equipment, or is found guilty of any other theft or fraud relating to the posting of Letters.

14.4

Royal Mail may, at its discretion and without affecting its other rights and remedies, suspend a User's Licence if it considers that the User has not acted in accordance with any of the provisions of the Licence.

14.5

The User or a representative of the User must tell Royal Mail immediately if any of the circumstances referred to in paragraph 14.3 happen.

14.6

Any sum credited to the User's account shall not be refunded to the User on the ending of a User's Licence, except where paragraph 14.7 applies.

Ending a Licence – at User's option

14.7

If the User permanently stops using the Franking Equipment the User must promptly tell Royal Mail and give Royal Mail the date that the User stopped using the Franking Equipment which will be the date the Licence is ended. If the User does not tell Royal Mail this date then the Licence shall end on the date that Royal Mail receives the User's notice.

14.8

In the circumstances where paragraph 14.7 applies, the value of any Postage or Fees which the User has paid for and not used will be refunded, after Royal Mail has verified the readings of the Registers and provided

that the User has not breached any provision of the Licence.

14.9

New Licence

If Royal Mail ends a User's Licence in accordance with paragraph 14.3, and if the User later applies for a new Licence, where Royal Mail agrees to grant a new Licence, in addition to requiring the User to pay any outstanding debt to Royal Mail under the original Licence, Royal Mail may require the User to pay an appropriate administration fee.

15.

USER ADDRESS FOR COMMUNICATIONS

Royal Mail will use the address shown on the User's record card/ Licence for the purpose of sending notices to the User under this Scheme.

16.

REFUNDS AND COMPENSATION

Where the User is entitled to any refund or compensation from Royal Mail in accordance with any Scheme, Royal Mail may, at its discretion, pay such refund or compensation by requiring the relevant Authorised Manufacturer or Authorised Supplier, to credit the relevant value of the refund or compensation to the User's Franking Account on Royal Mail's behalf.

SCHEDULE

Definitions of expressions

used in this Scheme

The Interpretation Act 1978 applies for the interpretation of this Scheme and for this purpose the Scheme is to be treated as if it were an Act of Parliament.

Any reference in this Scheme to any enactment, regulation or Scheme shall be construed as a reference to that enactment, regulation or Scheme as subsequently amended, re-enacted or replaced.

A reference in this Scheme to a scheme made under Section 28 of the Post Office Act 1969 shall, unless the context otherwise requires, be read as including a reference to a scheme made, or treated by virtue of the Postal Services Act 2000 (Commencement No.4 and Transitional and Savings Provisions) Order 2001 as made under Section 89 of the Postal Services Act 2000 (as amended by the Postal Services Act 2011).

In this Scheme, the following expressions have the following meanings, unless the context in which the expressions appear indicates otherwise.

Authorised Maintainer

A Person who has Royal Mail's approval to provide inspection and maintenance services (including servicing and repairs) for specified designs of Franking Equipment and systems.

Authorised Manufacturer

A Person who has Royal Mail's approval to manufacture Franking Equipment.

Authorised Provider

An Authorised Maintainer, Authorised Manufacturer or Authorised Supplier.

Authorised Supplier

A person or body who has Royal Mail's approval to supply Franking Equipment.

Data Centre

The data centre of an Authorised Manufacturer to which Mailmark™ Franking Equipment supplied by that Authorised Manufacturer must be connected to upload usage data.

Dies and/or Devices

The component or components of the Franking Equipment which prints, or controls the printing of, the Franking Mark.

Franking

The stamping or printing of a Franking Mark on the envelope or outer wrapper of a Letter to indicate the Postage and/or fee which has been paid on that Letter.

Franking Account

The account which the User has with the relevant Authorised Manufacturer or Authorised Supplier in relation to the Franking Equipment operated by the User, and which relates to the payment by the User of Postage and Fees in return for Resetting of the Franking Equipment.

Franking Equipment

Any piece of equipment which may be used to indicate and record payment of Postage and Fees on Letters, including but not limited to machines, computers, computer peripherals, security devices, software, printers and telecommunications links and including any system used to Reset such equipment.

Franked Letter

Any Letter bearing a Franking Mark.

Franking Mark

Any mark or impression printed or otherwise made by Franking Equipment indicating the date and place of posting, the Postage and Fees paid or payable, the identity of the Franking Equipment used and any other numbers, words, characters, barcodes, symbols or marks required by Royal Mail.

Letter

Any postal packet (including letters and parcels) except a packet consisting of articles for the blind, a current registered newspaper, an un-addressed packet or packet consisting of a petition or address of a kind referred to in Section 84 (1) of the Post Offices Act 1969, or Section 100(1) to (3) of the Postal Services Act 2000 (as amended by the Postal Services Act 2011).

Licence

A licence issued by Royal Mail allowing the User to use

Franking Equipment.

Mailmark™ Franking Equipment

Franking Equipment which produces a Franking Mark that includes a Mailmark™ indicia.

Meter/Postal Security Device

The part of the Franking Equipment that records usage.

Model

The generic type, make or model of Franking Equipment.

Operational Requirements

Technical and operational requirements relating to the use of Franking Equipment, as published by Royal Mail from time to time on its website at www.royalmail.com/franking.

Person

An individual or any corporate or unincorporated body.

Postage and Fees

Postage is the fee charged by Royal Mail for delivery of a Letter. Fees are the sums Royal Mail charges to provide other services. When Postage and Fees are subject to VAT, the published figures for the Postage and Fees will include VAT, unless stated otherwise.

Registers

Instruments within the Meter of the Franking Equipment which record the amount of Postage paid and the amount of credit remaining available for use.

Reset

To charge the Franking Equipment with credit for payment of Postage and/ or Fees. The term resetting should be construed accordingly.

Royal Mail

A company incorporated in England and Wales with company number 4138203 and whose name is currently Royal Mail Group Limited.

Royal Mail Franking Administration Centre

Royal Mail administration centre where records are kept of the User's Franking Equipment.

Scheme

Any Scheme made under either section 28 of Post Office Act 1969 or section 89 of the Postal Services Act 2000 (as amended by the Postal Services Act 2011).

Slogan

A design or wording commissioned by the User, to be printed on Letters in addition to the Franking Mark.

Tariff

An electronically programmed device or electronic or other data designed to be inserted into, or loaded onto, or used in conjunction with the Franking Equipment in accordance with instructions given to the User.

User

Any Person who uses or intends to use the Franking Equipment to pay Postage and Fees on Letters to be

posted in the UK.

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