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**the Royal Mail
Scheme for
franking letters
and parcels 2008**

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ROYAL MAIL SCHEME FOR FRANKING LETTERS AND PARCELS 2008 CONTENTS

1. Application, commencement, revocation and citation
 2. Interpretation
 3. Approval of Franking Equipment and Authorisation of Manufacturers, Suppliers and Maintainers
 4. General prohibitions on use of Franking Equipment
 5. Authorisation of Users
 6. User Licences
 7. Payment of Postage and Fees
 8. Resetting Franking Equipment
 9. Operation of Franking Equipment
 10. Inspections, Maintenance and Repairs
 11. Franking Marks
 12. Slogans
 13. Posting Franked Letters
 14. Royal Mail's right to refuse to accept Letters, or to return them, and to arrange removal of Dies and Devices
 15. Royal Mail's termination of User's authorisation
 16. User address for communications
- Schedule: Definitions of Expressions used in this Scheme

ROYAL MAIL SCHEME FOR FRANKING LETTERS AND PARCELS 2008

Royal Mail, by virtue of the powers conferred on it by section 89 of the Postal Services Act 2000 and all other relevant enabling powers, hereby makes the following Scheme.

1. APPLICATION, COMMENCEMENT, REVOCATION AND CITATION

1.1

This Scheme sets out Royal Mail's terms and conditions applicable to the franking of Letters and parcels for posting in the United Kingdom and to the posting of franked Letters and parcels and this Scheme forms part of each Licence issued.

1.2

This Scheme is made by Royal Mail under section 89 of Postal Services Act 2000.

This Scheme shall come into operation on 7th April 2008 and may be cited as the Royal Mail Scheme for Franking Letters and Parcels 2008 and supersedes in its entirety from that date the Successor Postal Services Company Scheme for Franking Letters and Parcels 2001

(including all amending Schemes). Licences issued under the superseded Schemes are from 7th April, 2008, subject to the provisions of this Scheme, but without prejudice to Royal Mail's accrued rights under those Licences,

1.3

Royal Mail may amend this Scheme from time to 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 and parcels to be posted in the United Kingdom.

3.

APPROVAL OF FRANKING EQUIPMENT AND AUTHORISATION OF MANUFACTURERS, SUPPLIERS AND MAINTAINERS

3.1

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

3.2

By authorising 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 give any warranties, whether as to quality, weight of items, or otherwise, concerning any goods or services supplied by that person.

4.

GENERAL PROHIBITIONS ON USE OF FRANKING EQUIPMENT

4.1

Franking Equipment may not be used unless the equipment has been manufactured by an Authorised

Manufacturer and the Model has Royal Mail's then current approval.

4.2

Franking Equipment which has been altered or modified in any way may not be used unless that alteration or modification has been submitted by the Authorised Manufacturer to, and approved by Royal Mail.

4.3

Franking Equipment may not be used if Royal Mail withdraws approval of the Model. Whenever Royal Mail withdraws approval for a Model it will notify Users by whatsoever means it deems suitable and use of the Franking Equipment of that Model must cease within the timescales notified by Royal Mail.

5.

AUTHORISATION OF USERS

5.1

Franking Equipment may not be used before the User has obtained Royal Mail's authorisation to do so. All Users must apply to Royal Mail for authorisation via an Authorised Manufacturer or Authorised Supplier, who will either liaise with Royal Mail or direct the User to Royal Mail.

5.2

When Royal Mail has approved an application to use Franking Equipment, a Licence will be issued to the User. The issue of that Licence shall constitute authorisation for the purposes of paragraph 5.1 above. Franking Equipment may not be used before a Licence has been issued to the User or after a Licence either expires or has been terminated, nor during any period of suspension.

5.3

The User shall carry out all reasonable instructions given to it by Royal Mail with a view to recording details of 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 advise 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 regardless of whether or not the User may have entered into a contract with Royal Mail for the provision

of postal services. If a person has neither received a Licence, nor a rejection then the application has been rejected.

6.2

The Licence will include the following information and the User must notify Royal Mail of any changes within 14 days of their occurrence:

6.2.1

The User's name and address;

6.2.2

The address where the equipment may be used; (Note this may 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;

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 authorises the User 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 Letters or other mail of any third party. The Licence does not authorise the User to use any other Franking Equipment, for which a separate Licence, or Licences must be obtained. The Franking Equipment named in the Licence must only be used by the User and may not be transferred to a third party.

6.5

The Licence may not be transferred to another person, company, business or organisation. (Note: if the Franking Equipment is sold or otherwise transferred, the Licence does not transfer with it, and the proposed new user must be informed of the need for a Licence).

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 in writing to the Royal Mail Franking Administration Centre and the Authorised Manufacturer or Authorised Supplier of the Franking Equipment. The Licence may not be changed without Royal Mail's prior written consent.

6.7

If the User ceases permanently to use Franking Equipment, the User must notify each of the following in writing, either prior to the date of cessation, or as soon as possible afterwards:

6.7.1

The Royal Mail Franking Administration Centre

6.7.2

The Authorised Manufacturer

6.7.3

The Authorised Supplier

6.7.4

The Authorised Maintainer of the equipment.

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 render the Franking Equipment inoperable.

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 indicated by the Franking Mark on any Letter must conform to the applicable rate set out in the relevant Scheme. If mail is found to be underpaid for the selected service, it will be conveyed by the selected service and except to the extent that the provisions of another Scheme apply the sender shall be charged for the difference between the payment franked and

the correct amount for that service, together with an administrative charge in respect of costs incurred by Royal Mail as Royal Mail may specify from time to time (together the amount of the underpayment and the administrative charge are referred to as the "Underpayment Surcharge").

7.4

If mail is segregated by service and Second Class mail is found in a First Class mailing Royal Mail will treat it as First Class mailing and, except to the extent that the provisions of another Scheme apply, shall charge the User for the difference between the First Class mailing and the franked amount, together with an administrative charge in respect of the costs incurred by Royal Mail as Royal Mail may specify from time to time (together the difference in the charge for the service and the administrative charge are referred to as the "Service Surcharge").

7.5

Royal Mail may, at its option, 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

The usage of the Franking Equipment and any products purchased through it will be captured electronically and details of it collated by a third party and transmitted to Royal Mail for their use as appropriate.

7.7

Some Royal Mail services are subject to VAT (Taxable Services) but only certain Franking Equipment is compatible with the processing of Postage and Fees for the Taxable Services. Such Franking Equipment is known as a Smart Meter. Only a Smart Meter 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 issued to the User in accordance with Royal Mail's invoicing procedures.

8.

RESETTING FRANKING EQUIPMENT

8.1

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

8.2

Franking Equipment may only be Reset in the manner 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.

OPERATION OF FRANKING EQUIPMENT

9.1

The seals on Franking Equipment must not be broken and must not be duplicated.

9.2

If a seal is broken, the User must report it to the Royal Mail Franking Administration Centre immediately.

9.3

The Meter readings (as recorded on the Meter's Registers) must always show the correct amount of Postage and Fees that the User has prepaid and/or used. The Franking Equipment must not be tampered with in any way, in particular, in any way so as to alter the Meter readings.

9.4

The Franking Mark produced by the Die and Device within the Franking Equipment must always show the same value as the amount by which the Registers change when the Franking Mark is produced.

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 at least once every year (or whenever Royal Mail specifies) by an Authorised Maintainer of the User's choice who has Royal Mail's authorisation to carry out inspections for that kind of equipment.

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 Royal Mail's authorisation to carry out maintenance of and repairs on that Model of equipment.

10.4.

Royal Mail's inspection checks

A User or person in possession of Franking Equipment must provide access as and when required by Royal Mail for representatives of Royal Mail to inspect its Franking Equipment at the premises where it is located.

11.

FRANKING MARKS

11.1

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

11.2

A Franking Mark must be printed in red ink only, or in such 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.

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 Guidelines.

11.4

If, in Royal Mail's judgement, a Franking Mark is not clear or complete, Royal Mail will deal with the Letter as if the sender has not paid Postage on it, as set out in the Scheme, (or contract) 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 judgement might offend Royal Mail or Post Office employees, make it embarrassing or difficult for Royal Mail to convey the Letter in the post, which might give rise to complaints from the public, or cause Royal Mail operational or technical difficulties. If 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 any Letter bearing a slogan which it considers does not comply with paragraph 11 above. It is recommended that Users seek advice from Royal Mail in advance of producing or ordering a slogan and liaise with the Royal Mail Franking Administration Centre.

13. POSTING FRANKED LETTERS

13.1

Franked Letters may only be posted in the area designated by the Franking Mark, unless otherwise permitted by Royal Mail.

13.2

Franked Letters must be posted on the date shown in the Franking Mark.

13.3

Franked Letters must be presented for posting in trays, bags, pouches and envelopes of a type specified by Royal Mail, according to the following requirements:

13.3.1

In trays, segregated by class and service, facing and orientated the same way. These may be posted by depositing at a designated Royal Mail office (or where this has been arranged and any collection Fees due to Royal Mail is paid) by being collected by Royal Mail, or an agent authorised to act on Royal Mail's behalf; or

13.3.2

In bags (each labelled with the class and service paid for), segregated by class and service, in bundles of

Letters facing and orientated the same way. These may be posted by depositing at a designated post office or Royal Mail office, (or where this has been arranged and any fee due to Royal Mail is paid) by being collected by Royal Mail, or an agent authorised to act on Royal Mail's behalf; or

13.3.3

In pouches, segregated by class and service, in bundles of Letters facing and orientated the same way. These may be posted by depositing at a designated post office or Royal Mail office, in a Business Posting Box (or where this has been arranged and any fee due to Royal Mail is paid) by being collected by a Post Office employee, or agent authorised to act on Royal Mail's behalf; or

13.3.4

In Low Volume Posting Envelopes (a maximum of two per day) and each such envelope must be clearly marked on the outside as such, and;

13.3.4.1

Sealed so it does not disgorge its contents;

13.3.4.2

Be of a size so it does not interfere with the processing of other mail, and;

13.3.4.3

Contain no more than 30 Letters; or

13.3.5

In Late Posting Envelopes (a maximum of one per day) posted after the last collection from the User for that day and where possible letters should be impressed with the following day's date and may be posted in any post box.

13.4

Variations to these conditions for presenting and posting Franked Letters may be authorised at Royal Mail's discretion.

13.5

Letters that Royal Mail are unable to deliver may be destroyed if they do not bear a return address within the United Kingdom.

14.

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

14.1

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

14.2

Royal Mail may take any of the steps set out in 14.1 above in any of the following circumstances:

14.2.1

Failure to comply with any provision of any Scheme;

14.2.2

If any of the circumstances set out in paragraph 15 occur;

14.2.3

If the User's Licence has been suspended or terminated; or

14.2.4

If Royal Mail withdraws approval from the Model of Franking Equipment.

14.3

The User shall procure for Royal Mail and its agents entry into 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 and the right so to do in circumstances where any of paragraph 14 and 15 of this Scheme apply.

15.
TERMINATION OF A LICENCE
Termination upon written notice

15.1

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

15.2

Whenever Royal Mail withdraws approval for a Model of Franking Equipment, then the Licence in respect of it shall terminate in accordance with the notice given to the User by Royal Mail.

Immediate termination

15.3

Royal Mail may terminate a User's Licence, with immediate effect by giving notice to the User in any of the following circumstances;

15.3.1

If, in Royal Mail's judgement, the User has not complied with any condition in any of the Schemes;

15.3.2

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

15.3.3

If, in Royal Mail's judgement, the

User has misused any Franking Equipment;

15.3.4

If, in Royal Mail's judgement, the User has used their Franking Equipment to print or stamp a Franking Mark which causes operational or technical difficulties or inconvenience or embarrassment to Royal Mail or to Post Office employees generally, or to the public;

15.3.5

Royal Mail returns or refuses to accept the User's Letters, in accordance with paragraph 14; or

15.3.6

If Royal Mail receives notification from the Authorised Supplier that any of the Dies and/or Devices have been removed from the Franking Equipment, then the Licence shall be deemed to have terminated upon first such removal, or

15.3.7

The User fails to comply with its obligations under paragraph 7.1;

15.3.8

If the User becomes bankrupt or insolvent;

15.3.9

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 of the foregoing is made);

15.3.10

If the User makes any arrangement with creditors;

15.3.11

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;

15.3.12

If the User ceases trading;

15.3.13

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

15.3.14

If the User's partnership is dissolved;

15.3.15

If the User dies; or

15.3.16

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.

15.4

Royal Mail may, at its discretion and without prejudice to 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.

15.5

The User or a representative of the User must notify Royal Mail immediately if any of the circumstances listed in this paragraph 15 occur.

15.6

Any sum credited to the User's account shall not be refunded upon withdrawal of the User's authorisation, or termination of a User's Licence except where paragraph 15.7 below applies.

Withdrawal of authorisation – at User's option

15.7

If the User ceases permanently to use Franking Equipment the User must notify Royal Mail, specifying the date of cessation and upon that date the User's Licence shall terminate. If the User fails to specify the date of cessation the Licence shall terminate on the date when Royal Mail receives the User's notification.

15.8

Termination General

In the circumstances where paragraph 15.7 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 been in breach of any provision of the Licence.

16.

USER ADDRESS FOR COMMUNICATIONS

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

17.

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 procuring that the relevant Authorised Manufacturer or Authorised Supplier, on Royal Mail's behalf, credits the relevant value of the refund or compensation to the User's Franking Account.

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.

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 for specified designs of Franking Equipment and systems. (Maintenance services include servicing and repairs).

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 who has Royal Mail's approval to supply Franking Equipment.

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 mark or impression – the '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/or 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, symbols or marks required by Royal Mail.

Guidelines

Guidelines issued by Royal Mail from time to time identified as relating to the Royal Mail Scheme for Franking Letters and Parcels 2008.

Late Posting Envelope

An envelope in a format approved by Royal Mail, obtainable from Authorised Manufacturers enabling customers to post franked mail after the last collection as provided for in paragraph 13.3.5.

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.

Licence

A licence issued by Royal Mail

authorising the User to use Franking Equipment.

Low Volume Envelope

An envelope in a format approved by Royal Mail, obtainable from Authorised Manufacturers enabling customers of low volume franking machines (models specified and approved by Royal Mail) to post their mail as provided for in paragraph 13.3.4.

Meter/Postal Security Device

The part of the Franking Equipment that records usage.

Model

The generic type, make or Model of Franking Equipment.

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 subjected to VAT, they are expressed as VAT-inclusive, unless stated to the contrary.

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 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 at which 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.

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 Franking Equipment in accordance with instructions given to the User.

User

Any person who uses or intends to use Franking Equipment to pay Postage and/or Fees on Letters to be posted in the UK.

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