

## **ATFS Bulletin April 2021 – Making Refunds**

### **University complaints are at the highest level**

As we reach the end of the month, the BBC reports that University complaints have reached the highest level. The Office of the Independent Adjudicator (OIA), which covers England and Wales, said it had been a "uniquely challenging year" for students. Its annual report shows it received 2,604 complaints in 2020, 10% more than 2019. Of these, 43% - up from 29% in 2019 - concerned service issues, including facilities, teaching time and academic supervision, and disruption caused by the coronavirus pandemic, which alone accounted for 12%.

Students in England were told earlier this month they could return on all university courses no earlier than 17<sup>th</sup> May. Last week, a group of students' unions wrote an open letter urging the competition regulator to address the "broken" complaints process for students claiming refunds.

### **“Right and just’ for students to get Covid refunds”**

Back in early March, the BBC reported comments made by Sir Anthony Seldon, former University of Buckingham Vice-Chancellor. "Students deserve something," he said, including "financial recompense", in recognition of how much they had missed during the pandemic. Larissa Kennedy, National Union of Students president, backed his call, saying: "Students deserve better than to be pushed into financial hardship." The Department for Education said refunds were a matter for universities.

Whilst the article and others debate who should pay for the refund, it is clear from talking to our HE clients that many are making multiple refund payments, especially for accommodation and in some cases on multiple occasions; some Universities are now taking the view that the 17<sup>th</sup> May return date makes it almost pointless for many to return to Campus and are making the necessary refund.

### **Making Refunds**

So, the number of refunds Universities are having to make is creating a considerable strain for University finance teams already struggling with the impact of Covid and many staff working from home. Universities typically receive fee and accommodation payments by card, through a direct bank transfer, or via one of the specialist payment providers working in the sector. Most Universities offer instalment plans; these are often collected through recurring card payment plans, direct debits, or simply an email reminder to pay the next instalment.

For Universities using GPeC (Global Payments eCommerce, formerly Realex) as their PSP (Payment Service Provider), card refunds can be undertaken up to 18 months after the original transaction. Key to the process is the Scheme Reference Data (SRD); this ties the refund to the original transaction and the schemes (Visa, Mastercard) can see why the refund is being made. Without this link, your acquirer may need to contact you to check that the payment is a genuine refund – time consuming for everyone.

At ATFS, we have seen an increasing focus on alternative payment providers across the sector and we are currently assisting several clients with their tender for this service. These four (CIBC, Flywire, Transfermate/Interpay and WUBS) all provide a wide range of payment options and services, including refunds. Bulk refunds are possible; this is of great help at this time as Universities struggle with the number of refunds being made.

What does a good refund service look like? Ideally, your payment provider should be able to match all or most of the following:

- The refund service should be in-house and integrated into the platform and not through a third party.
- There should be the ability to make bulk payments via a file upload, with bulk review and approval.
- Students & parents should be able to initiate payments.
- Refund to source easily, without the need to collect bank details.
- No documentation required to make the refund, but the ability to collect any needed by the University.
- There should be no charge for making refunds.
- No minimum refund amount required.
- Students should be able to track their refund.

Your provider should also be able to make “non-associated” payments. A non-associated payment is not a refund; this service would be of great use where a University has decided to make an ex-gratia payment to multiple students. So again, the ability to make bulk payments via a file upload would be of great benefit.

### **Refunds and Money Laundering**

The Money Laundering Regulations apply to all cash and monetary transactions. The Proceeds of Crime Act applies to all transactions and can include dealing with agents, third parties, property or equipment, cheques, cash or bank transfers.

All Universities should have a procedure to enable the reporting of suspicious activity. This will be one of the responsibilities of the appointed Money Laundering Reporting Officer (MLRO) at your institution. An example of an excellent and extensive Anti-Money Laundering Policy can be found on the Imperial College website via [this link](#).

Whilst it's of course best practice to refund back to the original remitting source, practicality dictates that this isn't always possible. In such circumstances, each case must be dealt with on its individual merits, ideally alongside documentary evidence to explain the change of account. A fundamental key to ensuring that your institution does not facilitate money laundering is to have a clear written process in place for dealing with such instances. If in doubt, your payment partner should be able to offer advice and support as to what is to be reasonably expected.

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