

*member chequing*  
*terms and conditions*

including general  
information about  
using cheques

effective 1 June 2010

## general information

This 'General Descriptive Information' is provided to assist you to understand the operation of credit union member cheques. For detailed member chequing terms and conditions, please read the section in this brochure titled 'Terms and Conditions for Member Chequing'.

### cheque deposits – clearance period

When you deposit a cheque into your account, **mecu** is not guaranteed receipt of funds until the cheque is cleared. Therefore, clearance times apply before funds deposited by cheque can be accessed. In anticipation of clearance, interest is earned (or saved in the case of loans) from the date of deposit of the cheque.

Most cheques take three working days to clear. Cheques deposited via Bank@Post® take seven working days and foreign currency drafts have a 35 day clearance period.

When you pay for goods or services using a personal member cheque, the funds are debited to your account only when that cheque is presented for payment. This could be from one day to 15 months. After 15 months the cheque becomes 'stale'. Members need to ensure that sufficient funds are available to cover any personal cheques that have been written but have not been presented or debited against their account.

### special clearance

When depositing a cheque to your account, you can request a special clearance, although a fee will apply. The funds become available when the drawer's bank advises that the cheque has been debited (usually within one working day).

### cheque crossings

For your protection we suggest you take advantage of two types of crossings. These are the transverse parallel lines and the 'Not Negotiable' crossing.

#### **Transverse Parallel Lines**

The transverse parallel lines across the face of the cheque are an instruction that the cheque is not to be cashed and must be paid into an account. As a result, payment of the cheque can be traced by the rightful owner if the cheque is stolen.

## not negotiable

The words 'Not Negotiable', which can only appear between the transverse parallel lines, has the effect of ensuring that a person to whom the cheque is transferred cannot receive better title than the person transferring the cheque. For example, a person who innocently accepts a stolen cheque bearing the 'Not Negotiable' crossing cannot become the rightful owner of the cheque and enforce payment against the drawer.

### Account Payee Only

Whilst no other form of crossing is authorised under the law, the words 'account payee only' can serve as notice to the financial institution into which the cheque is deposited that it should take care in ensuring that the cheque is being deposited on behalf of the rightful owner.

### Deleting the words – Or Bearer

Your pre-printed cheque forms have the words 'or bearer' after the space where you write the name of the person to whom you are paying the cheque. If you cross out the words 'or bearer' and do not add the words 'or order' the cheque is still a bearer cheque. A cheque payable 'or order' requires that the payee must sign the back of the cheque to endorse any transfer of the cheque to another person.

You can give yourself more protection against theft or fraud by crossing out the words 'or bearer' and adding the words 'or order'.

## reducing the risk of forgery

- Do not use a pencil or an erasable pen in completing cheques.
- Do not pre-sign blank cheques.
- When completing cheques take care to reduce the risk of fraudulent alterations by ruling a line through any blank spaces before or after words and figures.
- Safeguard your cheque book from theft or unauthorised use and notify **mecu** as soon as you become aware of the loss, theft or misuse of any cheque form.
- Unless you use the 'Not Negotiable' symbol or strike out the words 'or bearer', the cheque is payable to any holder of the cheque.
- If it is necessary to alter a cheque, you must sign your name or initials where you make the alterations.
- Always keep a record of the cheques you write by completing the cheque book butts.

## dishonouring or not paying a cheque

**mecu** can dishonour your cheque or not pay on it if:

- you have insufficient funds or available credit in your account to cover the cheque;
- you have not drawn the cheque clearly so **mecu** is unsure of what you want it to do (for instance, if the amount in words and numbers is different);
- you have post-dated your cheque and it is presented for payment before the date on the cheque;
- the cheque is 'stale', that is, the date of the cheque is more than 15 months ago;
- **mecu** has notice of your death or mental incapacity; or
- you have placed a stop on the cheque.

## stopping payment on a cheque

You can stop payment on a cheque by:

- Contacting **mecu** with sufficient particulars to identify the cheque (written confirmation may be required); or
- Writing to **mecu**, again, with sufficient particulars to identify the cheque. If the stopped cheque is subsequently presented for payment a dishonour fee will be charged.

## terms and conditions for member chequing

Where your member cheque facility is wholly and exclusively for personal, domestic or household purposes, the relevant provisions of the Mutual Banking Code of Practice apply to the facility, as detailed below.

1. For the purpose of these terms and conditions, 'Available Balance' means any funds deposited with **mecu** to the credit of the Nominated Account including any unused overdraft or line of credit facility available in connection with the Nominated Account. 'Available Balance' does not include:
  - deposits received but not cleared;
  - interest accrued but not credited; or
  - deposits in transit.
2. Upon receipt and acceptance of your application for a member cheque facility by **mecu**, we will issue to you a personal cheque book which will enable you to draw funds from **mecu's** account. Subject to these Terms and Conditions, the nominated signatories under the member cheque facility are authorised by **mecu** to complete and sign member cheques drawn on **mecu's** account with the Bank.
3. You authorise **mecu** to debit the account nominated in the application (the 'Nominated Account') for the amount of cheques completed and signed by you or any signatories authorised by you. You also authorise **mecu** to debit the Nominated Account with any fees and charges payable under this agreement and any government taxes, duties or charges arising out of or in any way connected with any transaction entered into by you by means of the member cheque facility.
4. Once **mecu** approve your application for a member chequing facility, you acknowledge that you have appointed both **mecu** and Cuscal as your agent and you have authorised each to:
  - conduct accounts ('the Bank Account') with a Bank ('the Bank') to enable you to draw cheques for payment of goods and services out of the funds in your account in accordance with these Terms and Conditions; and
  - transfer funds to the Bank Account from your Account to pay the amount of cheques that you or your Authorised Signatories have signed and to pay the value of all costs, taxes or charges made by us or the Bank
5. If the amount of any cheque presented for payment to the Bank exceeds the Available Balance in the Nominated Account at the time the cheque is presented, **mecu** may instruct the Bank to refuse to pay the cheque. In such an event, **mecu** will endeavour to advise you as soon as practicable but will not be liable for failing to do so. You will be liable for any fees, charges or costs imposed upon **mecu** as a result of its instruction to the Bank not to pay any cheque and **mecu** may in its absolute discretion debit the Nominated Account with any such fees, charges or costs imposed upon **mecu** or you.
6. **mecu** may in its absolute discretion authorise the financial institution on your behalf to pay any cheque presented to the financial institution not withstanding that the available balance may be deficient to meet the cheque.

Any unauthorised cheque presented and which exceeds available funds shall be treated as an application for short term credit.

If honoured, a transaction fee for exceeding available funds may apply. If not honoured, a dishonour fee may apply.

Any resulting balance in excess of available funds due to the honouring of cheques shall become due and payable immediately. The daily balance exceeding available funds will be subject to interest calculated at **mecu's** standard variable overdraft rate.

You shall be liable for **mecu's** reasonable costs in recovering such debt, including any fees and charges set out in **mecu's** Fees and Charges brochure. **mecu** may also lodge a default report with a credit reporting agency of **mecu's** choice.

Funds held by you in other accounts may be transferred without your prior consent or knowledge to cover any amount due and payable caused by the honouring of a cheque.

7. In the event it is necessary for you to request that payment of any cheque be stopped, you must provide to **mecu** a signed Stop Payment Notice. **mecu** may in exceptional circumstances stop payment on a cheque on your verbal instructions but in such case you will be required to provide written confirmation of your request within 24 hours. If the cheque is subsequently presented for payment a dishonour fee will be charged.
8. You agree to pay all fees and charges set out in **mecu's** brochure of Fees and Charges together with any additional fees and charges notified to you from time to time.
9. Where the cheque facility has been provided to you jointly or where the Nominated Account is held in joint names, you shall be liable under these Terms and Conditions jointly and severally (i.e. individually).
10. If your account is held in the name of two or more persons, all funds in that account and the Bank Account will be held in joint tenancy. In the event that one of you dies, any balance in these accounts shall accrue in accordance with the law of survivorship.
11. The member cheque facility is not available for use outside Australia.
12. You should safeguard your cheque book from theft or unauthorised use. You must notify **mecu** as soon as possible of the loss, theft or misuse of the cheque book.
13. **mecu** may introduce a fee or charge (other than a government charge) upon 20 days written notice to you. **mecu** may vary these terms and conditions by advertisement in the national media or through a notice in a member newsletter or account statement or by way of direct written notice to you no later than the day on which the variation takes effect unless the variation reduces your obligations, in which case **mecu** will confirm such variation not later than the time when it first corresponds with you after variation takes effect.
14. You are required to notify **mecu** promptly of a change of your name or address.
15. **mecu** reserves the right to withdraw the cheque facility at any time and without notice without affecting your obligations which shall continue in force. It will advise you in writing whereby you will be immediately required to return all unused cheques which remain the property of **mecu**.

for more information  
call **132 888**, visit [mecu.com.au](http://mecu.com.au)  
or your local service centre

222 High Street,  
Kew Victoria 3101, Australia  
**mecu** Limited  
ABN 21 087 651 607 • AFSL 238431  
BSB 803 140  
Telephone 132 888  
Facsimile 03 9853 9294  
Email [mail@mecu.com.au](mailto:mail@mecu.com.au)  
[mecu.com.au](http://mecu.com.au)

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**UNEP Finance Initiative**  
Innovative financing for sustainability