

### What happens when we renew our contract(s)?

On renewal of a contract, we review your payment performance and credit rating. Depending on the outcome, a customer may be advised that the security deposit will be retained against the new contract.

### What if we decide to leave SSE?

If all invoices have been paid at the point where the supplies have left SSE, the deposit along with any interest accrued will be refunded. If there are any outstanding invoices then the deposit will be used to clear these first.

### What if SSE were to become insolvent, go into administration or liquidation?

SSE operates under a supply license, please refer to the Energy Act 2004, Schedule 21 - Energy Transfer Schemes for more information.

A copy of this can be found at the Office of Public Sector Information Website:

[www.opsi.gov.uk/acts/acts2004](http://www.opsi.gov.uk/acts/acts2004)



 Scottish Hydro  SWALEC  Southern Electric

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# Why the need for a Security Deposit?

## A Brief Guide



# Why the need for a Security Deposit? - A Brief Guide



## Security Deposit Payments

SSE may at some point request payment of a security deposit from you. This leaflet will explain why a Security Deposit is necessary and try to answer some frequently asked questions.

If your query is not covered you may contact us via the following methods:

→ Telephone 0845 0713956

→ email [risk.management@scottish-southern.co.uk](mailto:risk.management@scottish-southern.co.uk)

## What is a Security Deposit and why has it been requested ?

SSE credit vet all new and renewing business customers. As part of the credit vetting procedure, a credit report of the customer is obtained to assess their credit worthiness. Once this process has been completed, depending on the outcome, it may be prudent to ask for a security deposit payment.

A Security Deposit Invoice is raised against each contract which is payable within 14 days of the invoice date. All Security Deposit Invoices are VAT exempt.

## Will you consider alternative forms of surety?

In some cases we may consider a bank guarantee or other form of surety as an alternative to security deposit; at SSE's sole discretion.

## Why do we require a Security Deposit?

We purchase your energy in advance of usage, therefore it is important to understand the credit worthiness of our customers.

## Will this money be held in an Escrow Account?

No, the monies received as Security are held in a separate SSE holding account, referenced against individual sites.

## Will we earn interest on monies paid?

Yes, Interest will be paid at the current Base Rate (gross, subject to tax) which will be added to your account at the end of the financial year (April) and or the end of the contract period.

We will also review the rate every three months and guarantee that the minimum interest we pay you will match Bank of England Base Rate.

A statement will be issued at the end of each financial year, advising of any interest accrued. We only apply interest on an annual basis.

## Why is this not on a VAT Invoice?

Security Deposits are outside the scope of VAT and therefore VAT is not charged

The deposit is held on account and not used for a service or sale therefore VAT is not charged. Should the deposit be used against an outstanding debt at a later date, then the VAT would be calculated on the bill in which the money was owed.

## Who has access to this account?

Only SSE has access. We would only call on these monies in the event of non payment of final bill or business failure.

If all invoices have been paid at this point and you are no longer an SSE customer then the deposit along with any interest accrued will be refunded.

The deposit will be used to clear any outstanding invoices first.

## How long will you hold the Security Payment?

This will be held for a minimum of 12 months or until your credit rating has improved; at SSE's sole discretion.

