

Buttle UK
15 Greycoat Place
London
SW1P 1SB

Charity Reg: 313007 (England and Wales)

Date: 21st July 2022

Re: How your money is protected with QPay (Trading name of Quantum Card Services Limited)

Dear Paddy Zervudachi,

We are writing to you to provide you with information on how your corporate funds money is kept and protected in your Quantum Card Services Limited – Buttle account with PayrNet Ltd Ltd (“PayrNet Ltd”), an e-money institution (“EMI”) authorised and regulated by the Financial Conduct Authority (“the FCA”). It’s important information and the FCA has asked us to remind you how it works, to ensure that you understand that your money is held with an EMI, who protect your money through “safeguarding”, which is different to how your money is protected by banks in the United Kingdom.

What is e-money?

When you send us corporate funds to top up your account balance we give you the value to spend in your Buttle QPay account. The money held in your Buttle QPay account is known as ‘electronic money’ or ‘e-money’. While this may sound similar to what a bank does when funds are received into a current account, your money is not held with a bank, but it is held with PayrNet Ltd and therefore:

- your e-money is not considered as a deposit to use for our own purposes or lend to other customers; and
- your e-money is not covered by the Financial Services Compensation Scheme (FSCS).

Use of “safeguarding” to protect your money

To ensure your money is safe, a process known as ‘safeguarding’ is applied, which is a regulatory requirement for all EMIs. In this process PayrNet Ltd keeps your money separate from their own money and place it in a safeguarding account. This process includes appointment of an independent expert to check that safeguarding obligations are met every year and the report issued by the appointed third party confirming this, is available to the FCA on request.

In the event of PayrNet Ltd going out of business, an insolvency practitioner would be appointed to return the safeguarded funds to our customers. This means you would get most of your money back, except for the costs deducted by the insolvency practitioner for distributing the money to our customers.

How does safeguarding cover differ from FSCS cover?

FSCS protects consumers together with small businesses, limited companies and charities (that meet its eligibility criteria) when certain authorised financial services firms (such as an UK authorised bank) fail and they cannot return your money to you. FSCS is a service funded by those financial service firms who are covered by it. FSCS provides compensation only up to £85,000 per eligible person, per bank, building society or credit union or up to £170,000 for joint accounts. This means if you have money in multiple accounts with banks, building societies or credit unions that are part of the same group (and share a banking licence) the FSCS treats them as one bank.

Whereas all the funds held in an e-money account are safeguarded and the full value (minus administrative costs applied by the insolvency practitioner) will be returned to you in the event that PayrNet Ltd go out of business.

Because of the insolvency procedure, it may take longer (in comparison to an FSCS claim) for your money to be returned to you.

You can find more information about using a non-bank payment service provider on the FCA's website: <https://www.fca.org.uk/consumers/using-payment-service-providers>

If you have any questions, please contact us on 0203 409 4432 or email us on info@qcs-uk.com

Kind regards,

Quantum Card Services Limited