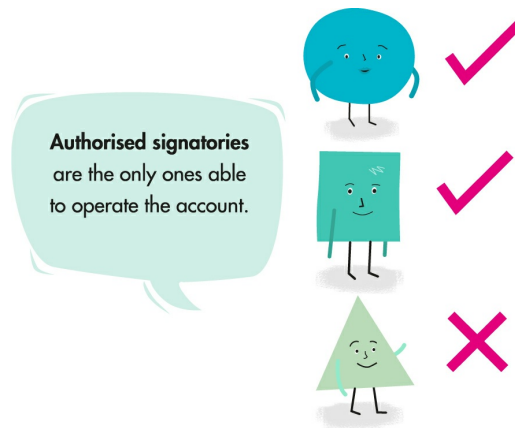


Account mandates

Account mandates say who can use an account, and how. This is especially important if there are disagreements as to who can operate the account.



An account mandate is a document that sets out:

- who owns an account (often called the account holder or account owner)
- who can use the account (and how it can be used, referred to as authorised signatories)
- who can access information about the account.

A mandate is very straightforward if you are the only one operating an account. But you need to take care if there are two or more account holders, or if you let someone else operate the account.

Authorised signatories

Account holders can let someone else operate the account. These people are often called authorised signatories. Most banks require account holders to also be authorised signatories. Banks often require organisations such as companies, trusts and partnerships to have a certain number of directors, trustees, partners or officers who are authorised signatories. They also require rules about how such people access accounts.

Individual authorised signatories can use an account separately if the mandate says “several”, “any” or “either” authorised signatory can sign (that is, operate the account).

A mandate that requires “joint”, “both” or “all” (or in some cases “any two”) authorised signatories to sign or access the account together means one authorised signatory alone cannot use the account. Other authorised signatories must also authorise the transactions. A bank cannot allow transactions or other activity without the

consent of the other holders.

Types of access

Be clear about what type of access you want authorised signatories to have. Do you want them to be able to access the account alone, or do you want them to act together? Consider this carefully before you set up an account – and before you sign the mandate check it carefully to ensure it accurately records how you want the account to be operated.

If you change your mind later on, and want to switch from one type to another (or want to add a new account holder) you may need the agreement of all account holders. If you have concerns about the operation of a joint account, contact the bank. It may freeze the account until you have resolved your differences. (See our Quick Guide [Joint accounts](#).)

A bank must act in accordance with the arrangement you have specified. In general, transactions not in accordance with the mandate are unauthorised, and a bank is responsible for any resulting loss. If it can be established that a transaction in breach of mandate benefited the account holder, then generally there is no loss (except in very limited circumstances such as children's accounts). Sometimes, a bank will not be responsible for all of a loss if a customer has contributed in some way to the breach or failed to mitigate the loss.



When setting up your account make sure the mandate accurately records how you want the account to be operated.