



THE INTRODUCTION OF PURPOSE CODES

This document sets out answers to some common questions related to the introduction of 'Purpose Codes'. Further information can be found by visiting the **help centre** on [coutts.com](https://www.coutts.com) and selecting 'Payments' from the options available. Alternatively, please speak to Coutts 24 or your banker if you need any additional support.

Purpose Codes – what are they and why are they being introduced?

The introduction of Purpose Codes for CHAPS is being driven by the Bank of England in line with their Policy Statement: Implementing ISO 20022 Enhanced Data in CHAPS. It follows the global changes that are taking place in the payment standards and is intended to create a global standard for payments across banks and financial institutions around the world.

The changes are designed to provide better quality payment data and builds on the Bank of England's aim to deliver greater payments resilience. You can find out more by visiting the **Bank of England website**.

Purpose codes will act as an identifier for all payments in the future, helping improve transparency and support the monitoring and reporting of transaction types, creating an industry-wide payments standard.

The first of these Purpose Codes to be introduced will be 'Property Transaction Codes', to be used when making CHAPS payments in relation to a property purchase or loan. These are explained in more detail in this document.

What is a Purpose Code?

A Purpose Code is a 4-letter code which is included within a payment providing information to all recipients in the chain on the purpose of the payment.

What are Property Transaction Codes?

These Codes indicate the specific purpose of a payment related to property purchases or loans, ensuring compliance with regulatory guidelines.

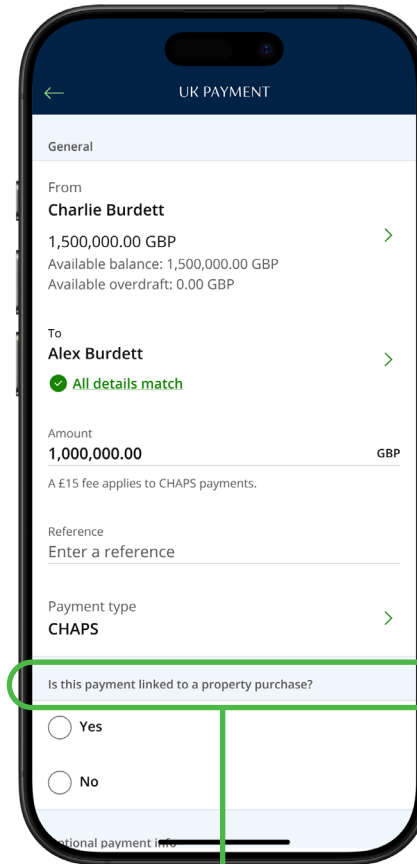
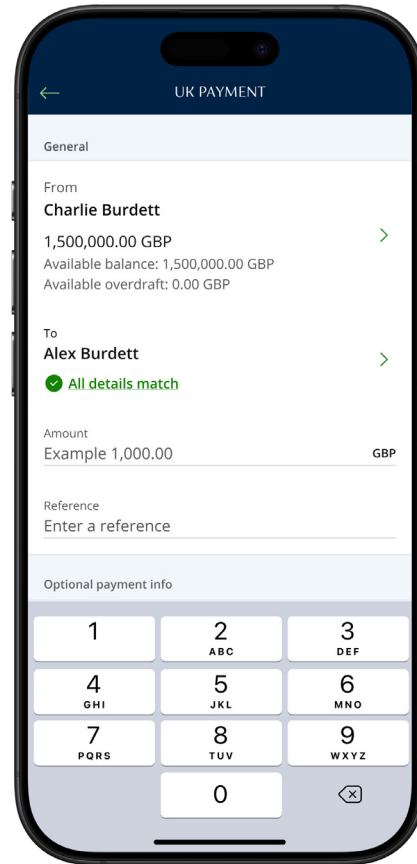
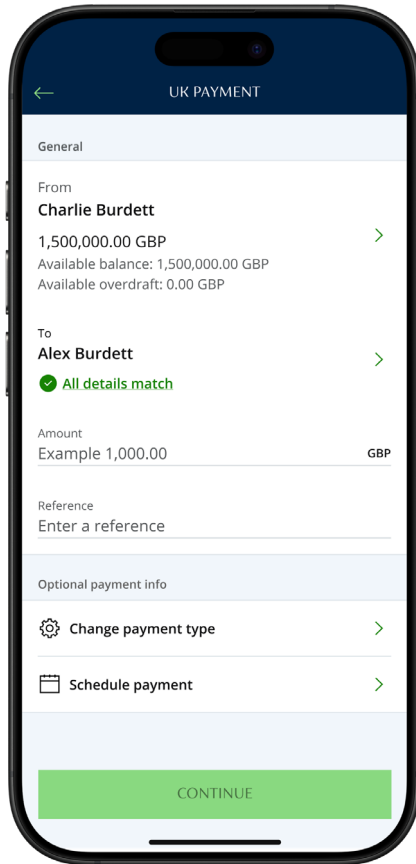
The Property Transaction Codes, along with the explanation of when to use each one, is set out in the table below.

PURPOSE CODE	NAME	WHEN SHOULD I USE THIS CODE?
HLRP	Property Loan Repayment	When the transaction relates to the part repayment of a property loan or mortgage
HLST	Property Loan Settlement	When the transaction relates to the final repayment of a property loan or mortgage
PLDS	Property Loan Disbursement	When the lender pays funds, in full or part, in relation to a property loan or mortgage
PDEP	Property Deposit	When the transaction relates to payment of the deposit towards the purchase of a property
PCOM	Property Completion Payment	When the transaction is the final payment to complete the purchase of a property
PLRF	Property Loan Refinancing	When the transaction relates to the transfer or extension of a property finance arrangement, without change of ownership of the property

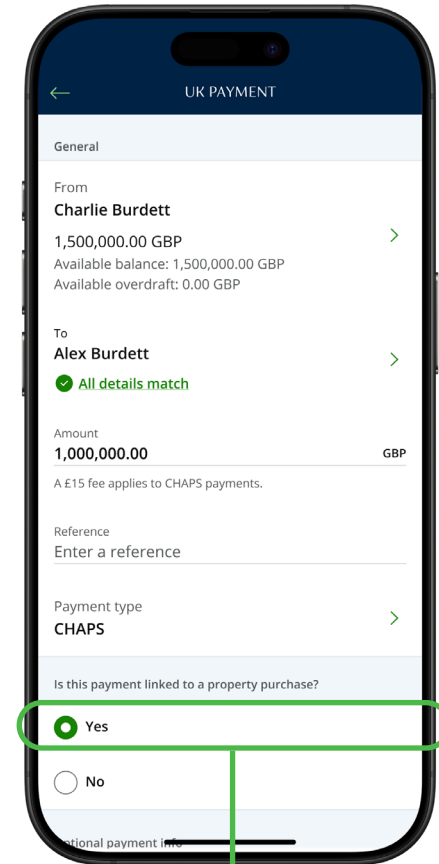
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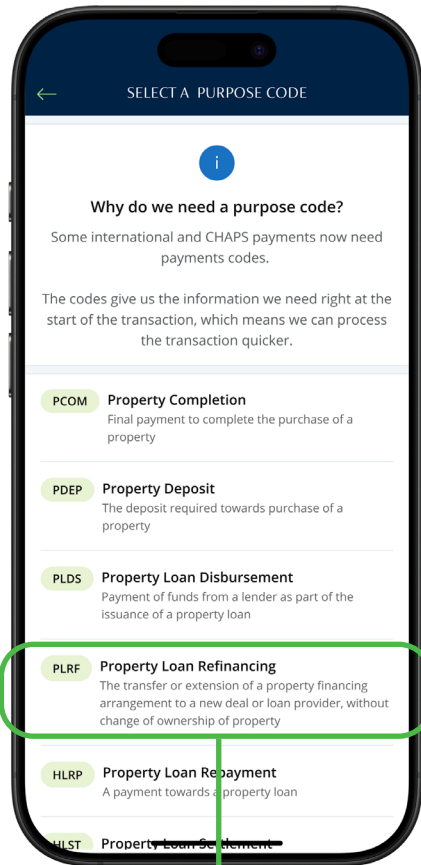
WHAT DO I NEED TO DO?



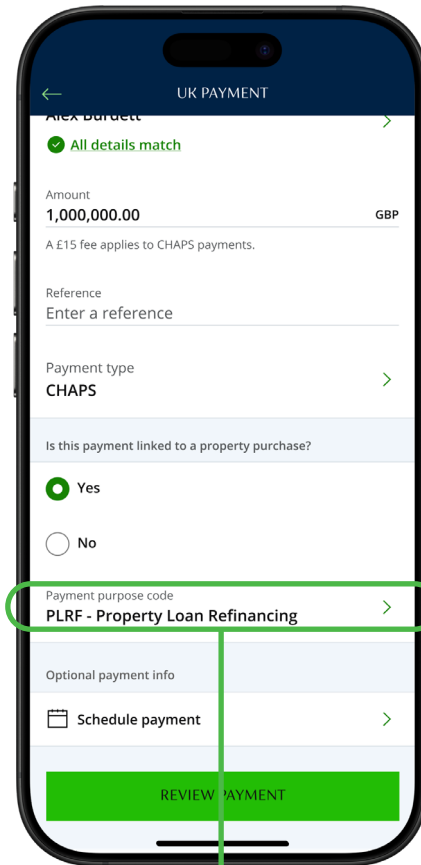
When making an online CHAPS payment, you will be asked 'Is this transaction linked to a property purchase?'



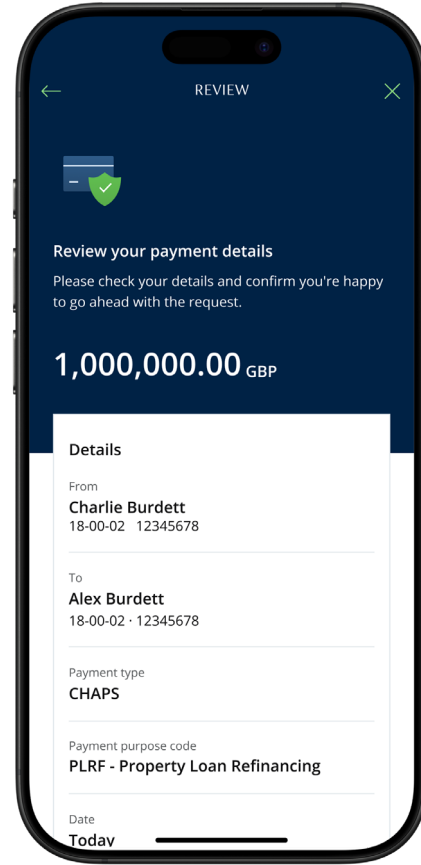
If you select 'No' you will continue with the payment in the usual way.



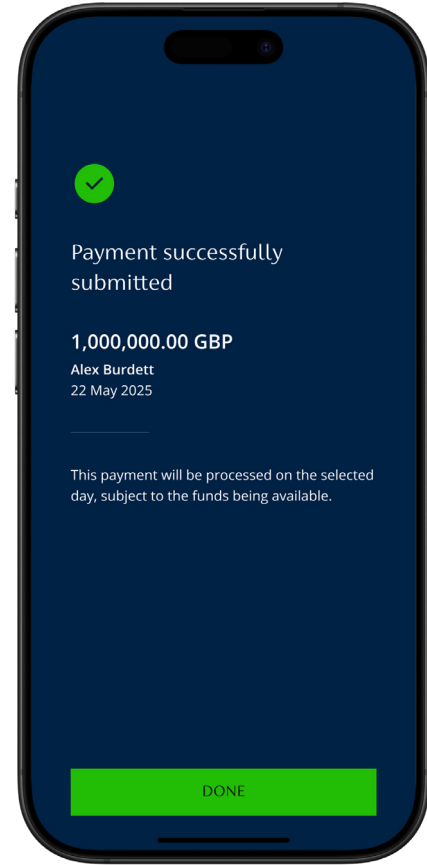
If it does relate to a property purchase or loan and you click 'Yes', you will be asked to choose a Payment Purpose Code from the drop-down list.



The Payment Purpose Code you have chosen will then be reflected in the transaction summary.



FIND OUT MORE
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If you want to know more about future changes to the payments industry, please visit the **Bank of England website**.