



PAYMENTS WITHOUT ACCEPTANCE: LEGAL REGULATION AND CONSUMER RIGHTS

AZIMJON Azamatovich Eshonkulov

Lecturer at Training Institute for Lawyers

under the Ministry of Justice of the Republic of Uzbekistan

E-mail: azimkhon.uz@gmail.com

ANNOTATION: The article is devoted to the study of the legal aspects of payments without acceptance in the modern banking system. The study analyzes the regulation of payments without acceptance based on the legislation of the Republic of Uzbekistan, including the Civil Code and the Law "On Banks and Banking Activities." A comparative analysis was also conducted with the experience of the USA and the European Union (EFTA/Regulation E, PSD2, SEPA). The article focuses on issues such as social payments, contractual non-acceptance terms, and notification obligations. The research results include proposals for improving the consumer protection system in Uzbekistan and adapting best foreign practices to national conditions. The article shows solutions that combine the principles of financial justice, security, and legal protection.

KEYWORDS: payments without acceptance; unauthorized transactions; consumer rights; Banking system of Uzbekistan; Civil Code; PSD2; SEPA; social benefits; financial protection; banking operations

In the modern banking system, payment operations are becoming increasingly complex and automated. This process, on the one hand, accelerates banking services, and on the other hand, makes the issue of protecting consumer rights relevant. Payments without acceptance - that is, payments made without the client's prior consent - are one such complex relationship.

Letter No. 26-20/1144 of the Central Bank of the Republic of Uzbekistan dated June 30, 2025, once again confirmed the relevance of this issue. The letter notes that after receiving state benefits and material assistance to socially vulnerable segments of the population to bank cards, there are cases of their automatic withdrawal by credit institutions to repay loan debts[1].

The Central Bank assessed such a practice as "contrary to the principles of justice and unfair practice." This situation indicates the need for strict legal regulation of payments without acceptance not only in Uzbekistan, but also throughout the world.

The purpose of the analysis in this area is to analyze the legal basis of payments without acceptance in Uzbekistan, compare them with foreign experience, and propose solutions to problems encountered in practice.

1. PAYMENTS WITHOUT ACCEPTANCE: CONCEPT AND LEGAL ESSENCE

1.1. Concept of non-acceptance payment

Non-acceptance payment (direct debit, non-acceptance debiting) is an operation for withdrawing funds from a bank account without the client's consent separately for each transaction. Payments of this type may be made on the basis of a contract, law, or court decision.



In accordance with the Resolution of the Board of the Central Bank of the Republic of Uzbekistan dated April 13, 2020, "On Approving the Regulation on Non-Cash Settlements in the Republic of Uzbekistan," a non-acceptance payment request, according to which the payments stipulated in the payment request are made regardless of the consent of the payer of the funds. Payment requests can be submitted in paper form or electronically through the System. This definition reveals two important aspects of payments without acceptance: firstly, the client's consent is not required for each transaction; secondly, such withdrawals must have legal grounds.

1.2. TYPES OF PAYMENTS WITHOUT ACCEPTANCE

payments without acceptance can be classified according to several criteria. Firstly, based on the basis, payments without acceptance are divided into legal (directly provided for by law) and contractual (based on the agreement of the parties). Secondly, according to their frequency, one-time and recurrent payments are distinguished. Thirdly, depending on the type of creditor, there are payments without acceptance made by state bodies (taxes, fines) and private creditors (bank loans, utilities).

Also, according to paragraph 56 of the above-mentioned Regulation of the Board of the Central Bank of the Republic of Uzbekistan dated April 13, 2020, funds are written off without acceptance in the following cases: when the original written letter of the payer acknowledging the amount is attached to the payment request; for the recovery of overdue debts on loans and interest accrued on them by banks to the payer's bank;

for the recovery from the guarantor of overdue debt on loans received from the bank and accrued interest on them, except in cases where the guarantor bears subsidiary liability; and in other cases stipulated by legislative acts [2].

2. PAYMENTS IN THE LEGISLATION OF UZBEKISTAN

2.1. Analysis of Article 783 of the Civil Code

Article 783 of the Civil Code of the Republic of Uzbekistan is titled "Grounds for Writing Off Funds from an Account." This article defines the legal basis for payments without acceptance. According to the article, debiting funds from the client's account is carried out only on their behalf. However, in cases stipulated by law, the funds can also be recovered on the basis of a court decision or at the request of the law[3]. Part two of Article 783 regulates payments without contractual acceptance. According to it, the contract between the client and the bank may provide for the debiting of funds from the client's account at the request of the bank or third parties. In this case, the contract must specify the creditor, the amount, and the deadlines for redemption.

2.2. Law "On Banks and Banking Activities"

The Law of the Republic of Uzbekistan "On Banks and Banking Activities" plays an important role in the regulation of banking operations. Chapter 9 of the Law is devoted to bank accounts, and Articles 65-69 define the rights of clients. Article 67 of the law provides for the protection of banking secrecy. Article 68 establishes the procedure for satisfying the claims of third parties in relation to client funds. Withdrawal of funds under this article may be carried out only on the basis of a court decision, writ of execution, or other grounds provided for by law [4].

3. FOREIGN EXPERIENCE: US AND EUROPEAN MODELS

3.1. USA: EFTA and Regulation E

The Electronic Fund Transfer Act (EFTA) has been in effect since 1978 to regulate electronic money transfers in the United States. The main goal of EFTA is consumer protection in the



field of electronic payments and money transfers[5]. Regulation E (12 CFR Part 1005), adopted on the basis of EFTA, regulates payments without acceptance in detail. These rules, controlled by the Consumer Financial Protection Bureau, provide for the following important protective measures: Firstly, the consumer's liability for unauthorized transfers is limited: if the consumer notifies within 2 days - a maximum of \$50; within 60 days - a maximum of \$500. Secondly, financial institutions must complete the inspection within 10 working days and report the results within 3 working days. Thirdly, the right to cancel recurrent payments should be ensured at any time [6]. Scientists Cooter and Rubin have developed rules from an economic point of view about who should bear losses (for example, unauthorized transactions) in payment systems. Their main idea is: whoever can reduce the damage in the cheapest way should be responsible. For example, if the technology of the banking system is strong, it must take measures to prevent losses. On the contrary, the consumer can also sometimes reduce losses by warning about the situation in advance. Simply put, they propose the idea that the damage should be attributed to the person who, in their opinion, can reduce it in the cheapest way[7]. In our opinion, this approach is fair, that is, banks and service systems should improve security, but the consumer also needs to understand their responsibility. This principle can serve as a good basis for creating legal provisions, as it assesses the side to minimize losses and refuses to blame only the bank.

Mark E. Budnitz in his article analyzes the damage that new digital payment systems cause to low-income consumers. He wrote that current legislation often does not adequately protect vulnerable groups, and the laws are based on old technologies and do not cover new fintech services. He believes that new payment technologies may be beneficial for many people, but current laws are not enough to protect them, especially for low-income consumers[8]. In our opinion, Budnitz's views are justified, since the legal order should ensure not only technical security, but also social justice. In the case of unauthorized payments, this can lead to significant financial losses for ordinary investors or low-income consumers. Therefore, laws should be regularly updated and address the needs of this category of people.

Furletti examined in his analysis how payment systems and the rules governing them create confusion for the consumer. In his opinion, due to the fact that the established procedures consist of many different rules, it is difficult for ordinary consumers to fully realize their rights. This also affects the issue of liability for unauthorized or unaccepted payments. Simply put, according to Furletti, current legislation is complex and confusing, so an ordinary user can suffer without knowing their rights. We also agree with him that laws should be transparent and understandable. It is important not only that the rules are well-written, but also that people understand them[9].

3.2. European Union: PSD2 and SEPA

In the European Union, payment services are regulated by Payment Services Directive 2 (PSD2, Directive 2015/2366). PSD2 has created the most advanced consumer protection system for payments without acceptance (direct debit). The main protective mechanisms of PSD2 are as follows. Firstly, the right of unconditional return: the consumer can demand a non-acceptance refund within 8 weeks without giving any reason. Secondly, a 13-month period has been established for unauthorized transactions - within this period, the consumer can demand the return of funds withdrawn without authorization. Thirdly, the requirement for strong authentication (SCA) - two-factor verification - was made mandatory [10].

The SEPA Direct Debit (SDD) scheme established a single non-acceptance payment standard across Europe. The Core scheme of the SDD is intended for consumers and provides the following protective measures: a mandate system (a single identifier for each creditor), whitelist/blacklist mechanisms, the possibility of limiting the maximum quantity and frequency [11].

Another scholar, Fabrice, believes that strong authentication and security requirements in online payments under PSD2 and GDPR are crucial in protecting the consumer from unauthorized payments.[12] This approach increases payment security. He believes that strong confirmation (for example, a two-factor admin) will reduce the number of unauthorized payments and further protect consumer rights. Agreeing with these points, we acknowledge that enhancing security is an integral part of legal protection. The more stages of protection there are, the smaller the number of unauthorized or unaccepted transactions.

4. PROBLEMS AND PROPOSED SOLUTIONS

4.1. First problem: Automatic withdrawal of social payments

Description of the problem: As indicated in the letter of the Central Bank dated June 30, 2025, credit organizations automatically deduct social benefits - child benefits for low-income families, benefits for persons with disabilities, temporary disability benefits - to repay loan debts. This situation is causing financial difficulties for the most vulnerable segments of the population.

Proposed solution: It is proposed to introduce the concept of "protected income" into the Civil Code or the Law "On Banks and Banking Activities." In this case, the following income should be protected from non-acceptance withdrawals: social benefits paid by the state, child benefits, disability benefits, the minimum part of the pension (for example, 50 percent). Under U.S. practice, welfare payments are protected by law from non-acceptance withdrawals.

4.2. Second problem: Abuse of contractual non-acceptance terms

Problem Description: In many banking agreements, the terms of non-acceptance withdrawals are defined in a very wide range. Some contracts allow withdrawal without acceptance even in cases not directly related to the loan. Customers often sign such terms without carefully reading them, since, according to our analysis, contracts are usually presented in a formal format.

Proposed solution: Firstly, it is necessary to introduce the institution of "Unfair contract terms" into the Civil Code. In the example of the European Union Directive 93/13/EEC, conditions that contradict the consumer's interests and are not discussed separately may be deemed invalid. Secondly, it is advisable for the Central Bank to establish standard requirements for the terms of non-acceptance withdrawals in banking agreements.

4.3. Third problem: Absence of notification obligation

Problem Description: Current legislation does not explicitly stipulate the bank's obligation to notify the client in advance of a non-acceptance withdrawal. As a result, clients will be able to find out after a few days that funds have been withdrawn from their accounts. This will result in additional fines and damages.

Proposed solution: First, include in the legislation an obligation to send a notification before and after non-acceptance withdrawal. According to the US experience, EFTA requires notification of periodic (recurrent) payments at least 10 days in advance. Secondly, make it mandatory to send notifications via SMS or a mobile application in real time. Thirdly, determine the procedure for paying compensation to the client in cases where the notification was not sent.

5. IMPROVEMENT OF THE CONSUMER PROTECTION SYSTEM

5.1. Existing protection mechanisms

There are several mechanisms for protecting consumer rights in Uzbekistan. Firstly, the Consumer Rights Protection Service of the Central Bank. Secondly, there is the Committee for the Development of Competition and Consumer Protection. Thirdly, the possibility of judicial protection is defined by law.

However, in practice, these mechanisms are not used sufficiently effectively. Many citizens are not sufficiently aware of their rights, the procedures for filing complaints should be further simplified, and court proceedings are observed to be lengthy.

5.2. Directions of improvement

To improve the system of consumer protection, the following measures are proposed:

Firstly, the introduction of the institution of "unconditional right of return," similar to the European experience. This allows consumers to cancel payments without acceptance within a certain period (for example, 14 days) without giving any reason.

Secondly, establishing the maximum consumer liability limit. According to the US experience, consumer liability for unauthorized transactions is limited to a certain amount.

Thirdly, the introduction of the institution of a financial ombudsman. This independent body helps to resolve disputes between the bank and the client out of court.

Fourthly, expand financial literacy programs. It is important to increase public awareness of their rights and protection mechanisms regarding payments without acceptance and other financial matters.

CONCLUSION

Payments without acceptance are an integral part of the modern banking system and serve to simplify relations between creditors and debtors. However, the misapplication of this institution can seriously violate consumer rights.

The letter of the Central Bank of the Republic of Uzbekistan dated June 30, 2025, shows the relevance of the problem of non-acceptance withdrawal of social payments. It is important that such a practice was assessed in the letter as "contrary to the principles of justice and unfair practice."

In the legislation of Uzbekistan, payments without acceptance are regulated by Article 783 of the Civil Code and the Law "On Banks and Banking Activities." However, according to the existing legislation, there is a need to improve the mechanism for adequate protection of consumer rights in practice.

The experience of the USA and the European Union offers advanced models for regulating payments without acceptance. In the EFTA/Regulation E and PSD2/SEPA systems, limited consumer liability, unconditional return rights, independent regulatory bodies, and financial ombudsman institutions play an important role.

The article proposed solutions to three main problems: the protection of social payments, the institution of unfair contract terms, and the obligation to notify. These solutions can serve to improve the system of consumer protection in the field of payments without acceptance in Uzbekistan.

In conclusion, systemic reforms are needed in the field of payments without acceptance. These reforms should be adapted to the national characteristics of Uzbekistan, taking into account best foreign practices. The main goal is to maintain a balance between the interests of creditors and debtors and to provide financial protection to the general public.



References:

- [1] Central Bank of the Republic of Uzbekistan. (2025, June 30). Letter to credit institutions (No 26-20/1144). Central Bank of the Republic of Uzbekistan.
- [2]. Central Bank of the Republic of Uzbekistan. (2020, April 13). *Resolution No. 3229*. <https://lex.uz/ru/docs/-4790646>;
- [3]. Republic of Uzbekistan. (1995). *Civil Code* (<https://lex.uz/docs/-180552>;
- [4]. Republic of Uzbekistan. (2019, November 5). *On Amendments and Additions to the Law of the Republic of Uzbekistan "On Banks and Banking Activities"* (No. 3PY-580). <https://www.lex.uz/docs/-4581969>
- [5]. United States Congress. (1978). *Electronic Fund Transfer Act*, 15 U.S.C. § 1693. <https://uscode.house.gov/view.xhtml?path=/prelim@title15/chapter41&edition=preli>;
- [6]. Consumer Financial Protection Bureau. (2023). Electronic Fund Transfers (Regulation E). 12 CFR Part 1005. <https://www.consumerfinance.gov/rules-policy/regulations/1005/>;
- [7]. Cooter, R., & Rubin, E. L. (1987). A theory of loss allocation for consumer payments. *Texas Law Review*, 66, 63-. <http://lawcat.berkeley.edu>;
- [8]. Budnitz, M. E. (2023). New developments in payment systems and services affecting low-income consumers: Challenges and opportunities. *Georgetown Journal on Poverty Law and Policy*, 30 (2), 133-168.
- [9]. Furletti, M. (2004). Payment system regulation and how it causes consumer confusion. *Federal Reserve Bank of Philadelphia Discussion Paper*. <http://philadelphiafed.org>
- [10]. European Parliament and Council of the European Union. (2015). *Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market (PSD2), amending Directives 2002/65/EC, 2009/110/EC and 2013/36/EU and Regulation (EU) No 1093/2010, and repealing Directive 2007/64/EC*. *Official Journal of the European Union*, L 337, 35-127. <https://eur-lex.europa.eu/eli/dir/2015/2366/oj>
- [11]. European Payments Council. (2025). *SEPA Direct Debit Core Rulebook* (Version 5.0). European Payments Council. <https://www.europeanpaymentscouncil.eu/document-library/rulebooks/sepa-direct-debit-core-rulebook.>;
- [12]. Fabic, D. (2005). Strong customer authentication in online payments under GDPR and PSD2. *Centre for IT & IP Law, KU Leuven*.