

# Pay in 3 instalments Terms and Conditions

Thank you for choosing to shop with Klarna.

This is a credit agreement between you and us. When we use ‘us’, ‘we’ or ‘our’ in this document, we mean Klarna Bank AB UK Branch. When we use ‘you’ in this document, we mean anyone who has bought something using Pay in 3 instalments with Klarna.

**Section 12 “Do you charge late fees?” applies to Pay in 3 credit agreements made on or after 16 March 2023. This section does not apply to Pay in 3 credit agreements made before this date.**

## 1. Who can use Pay in 3?

You must be a UK resident, over 18 years old and have a valid payment card to use Pay in 3. When we say ‘*valid payment card*’, we mean the card must be in your name, and must not have expired. You should also make sure the card you use has enough money available to cover all the instalments.

Pay in 3 is a credit product. It’s our decision whether or not we start a credit agreement with you.

## 2. How do I Pay in 3 instalments?

With Pay in 3, you can pay for something you buy by dividing the cost into three equal instalments. At checkout, you’ll see an option to ‘Pay in 3 interest-free instalments’. When you choose this option, just enter your card details to complete your purchase.

There won’t be any interest, fees or charges for using a debit or credit card by Klarna. Although your bank might charge you interest or other fees on top if you pay using an interest-bearing credit card, for example.

## 3. Are there any alternative options for paying off my balance?

Yes, you are able to make payment early through the Klarna App by paying by card immediately or you can request our bank account details from [Klarna's Customer Services team](#) for direct bank transfer. If a payment is made earlier, and the balance cleared we will not continue charging your card.

## 4. Which cards does Klarna accept?

Klarna accepts most cards except prepaid cards. We may also not accept a card that's due to expire in the near future. We'll let you know at checkout if your card hasn't been accepted.

## 5. What if something goes wrong?

Klarna offers consumers Buyer Protection which means for example that you as a consumer do not have to pay for the ordered goods until you have received them, and that Klarna will assist you with problems related to your purchase.

For more information and instructions please go to: <https://www.klarna.com/uk/buyer-protection-description/>.

## 6. When will Klarna take my payments?

At the point of purchase we'll freeze the first of your three instalments on your card. This means you won't be able to spend this money on anything else. Once we've received confirmation that your items have been shipped, or that the order has been processed, the first of your three payments will be taken from your card automatically using the frozen amount. You'll be able to see this on your card statement. If your items are not shipped, we'll unfreeze or refund your money and you'll be able to spend it again. This may take a few days depending on which bank you're with.

The second payment will be taken 30 days after the first payment, and the last one 60 days after the first payment. We'll charge your card automatically when your payment is due so you don't have to pay us back manually or worry about missing a payment.

The dates these payments are due will be sent to you by email, and you'll be able to check them in our app.

Sometimes the shop (instore or online merchant) doesn't charge you for your whole order all at once. They might do this if they ship your items at different times. If this happens, we'll make a new Pay in

3 plan for each part order they make. Each of these order parts will have its own due date, depending on when the shop confirms that part of your order.

## **7. What happens if my card is cancelled, or my card details change?**

If your card is cancelled, you'll still have to pay us any money you owe as soon as we ask you to.

If your card details change between your purchase and your final payment, you must tell us your new details. You can do this online. If you don't give us this information, we might ask the bank for your details.

## **8. What happens if I cancel my order?**

Your cancellation is subject to the store's cancellation policy, so you need to check the store's website for information on their cancellation policy and instructions on how to cancel an order and return the good(s) if already received.

If your next payment or due date for the cancelled order is approaching, you can pause billing by choosing that order in the Klarna App and click "Report a problem".

Once the store has confirmed the cancellation or return, Klarna will update your payments accordingly as well as refund any amounts due. Refund processing times to you may vary and can take up to 14 days depending on the consumer's bank.

If you cancel your order, we'll cancel any outstanding payments and pay back any amounts we've already taken from your card. We'll do our best to pay you back as soon as we can.

If you want to return part of your order, we'll take the amount from your outstanding balance. It won't count as a payment, so you'll need to continue making your payments on the dates they're due until your balance is paid in full.

## **9. How and when will I receive my refund?**

Refunds for Pay in 3 are processed in different ways. It depends on the status of your payment schedule, how much you've paid and if the merchant has processed a full or partial refund.

*Full refund*

If you're due a full refund, we'll cancel any remaining payments and refund anything you've already paid to the card you used to make the payment.

### *Partial refund*

If you're due a partial refund that's more than the remaining balance on your order, we'll deduct the amount from the outstanding balance first. We'll then refund the difference to the card you used to pay off the purchase.

If the partial refund is less than the remaining balance on your order, we'll deduct the amount from the outstanding balance. We'll then spread the remaining balance evenly over the remaining payments.

## **10. What happens if you can't take an instalment because I don't have enough money on my card?**

If we can't take the first instalment from your card, we'll let you know, and try up to two times again to take the money. We'll let you know when we're going to try again, so you'll have plenty of time to put some money onto your card to make the payment.

If we can't take the money from you after two attempts, we'll roll the missed payment over to the second instalment. If we can't take the second instalment, we'll give you a few days to update your card details or make sure there's enough money on your card.

If we still can't take payment after two more attempts, we'll roll over the payment to the next and final instalment. If we still can't take the payment, we'll try again twice. If we're still not successful, we might ask you to pay the outstanding amount directly or use a debt collection agency to collect the money for us. A debt collection agency is an FCA regulated company used by Klarna to recover funds that are overdue.

Klarna will always get in touch with you before charging your card. We will also contact you if we roll over a payment to the next due date or if we have to use a debt collection agency.

Not paying your instalments on time might also mean you can't use Klarna in the future. We will report information to credit reference agencies about the payments you make, and about any payments that you fail to make on time. Borrowing more than you can afford or paying late may negatively impact your financial status and ability to obtain credit from Klarna and other lenders in the future.

## **11. Will using Pay in 3 affect my credit score?**

We might carry out a limited credit search on you at a credit reference agency. This is a 'soft credit check', and won't affect your credit score, but we will report information to credit reference agencies about the payments you make, and about any payments that you fail to make on time. Failure to pay on time might affect your ability to obtain credit in the future from Klarna and other lenders. More information about reporting to credit reference agencies can be found in Klarna's [Privacy Notice](#).

## 12. Do you charge late fees?

We will charge you a late fee if you do not pay us up to 14 days after your 2nd or 3rd instalments are due. We'll attempt up to three times to charge your card within this time. If we are still not able to collect payment from you, we will charge you a late fee. You will not be charged a late fee if we collect payment or you pay us before then.

We'll send you plenty of friendly reminders so you can make sure you've got enough money on your card before we collect payment from you.

If your order is £30 or more, we will charge you a late fee of £5. If you only receive part of your order and the total value is £20 or less, the late fee will only be 25% of the purchase price of the order. For example, if your order's total value is £16, you will be charged a £4 late fee, which is 25% of £16.

You will only be charged a maximum of one late fee per instalment. We won't charge you a late fee if you have less than £1 left to pay.

We may delay or decide not to charge you late fees. If we do not enforce our rights against you for late fees, this will not stop us enforcing those rights at a later date. If you think late fees have been charged in error, please contact [Klarna Customer Services](#).

## 13. How does Klarna store my card details and my personal data?

We store your card details on our systems when you shop with us. We'll use these details to approve future payments. Unless you opt out, we may also use this information to fill out your card details for your convenience when you buy things in the future.

You can manage your cards online. If Klarna gets updated card details from your bank, we might also store this information on our system.

We use your personal data to identify you and to carry out customer analysis, credit assessments, credit reporting to credit reference agencies, marketing and business development. We might also

share your data with some partners (such as credit reference bureaus), which might be based outside of the UK.

Please see our Privacy Notice [here](#) for more information about your rights, how you can get in touch with us, or to complain. By using Klarna's services you confirm that you've read this notice.

## 14. How do I make a complaint?

You can make a complaint through our customer service webpage using our live chat feature, or by calling us on (+44) 0808 189 3333. We try to handle all complaints as quickly and smoothly as possible.

If you're not happy with our response, you can contact Klarna's Complaints Adjudicator. Use the form provided alongside your final response.

You can find our full complaints information [here](#).

## 15. Transfer of rights

This is a credit agreement between you and us. You can't transfer your rights or obligations to anyone else unless you get our permission first.

We can transfer these terms, or any rights and obligations you have under them, at any time. We don't need to ask for your consent to do this, unless transferring would harm your rights and responsibilities. This means we have the right to transfer the credit agreement to another provider without asking you.

## 16. Klarna

Klarna Bank AB UK Branch is a branch of Klarna Bank AB which is authorised and regulated by the Swedish Financial Services Authority. Klarna is authorised by the Prudential Regulation Authority. It is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details of the Temporary Permissions Regime, which allows EEA-based firms to operate in the UK for a limited period while seeking full authorisation, are available on the Financial Conduct Authority's website. Klarna Bank AB offers both regulated and unregulated products. Klarna's Pay in 3 instalments and Pay in 30 days agreements are not regulated by the FCA. Klarna Bank AB UK Branch's number is BR020956 and its address is Aviation House, 125 Kingsway,

Holborn, London, WC2B 6NH, United Kingdom, with FCA reference number 536065. Klarna Bank AB's headquarters are at Sveavägen 46, 111 34, Stockholm, Sweden, registered in the Swedish Commercial Register under registration number 556737-0431.

For further information about Klarna, go to: <https://www.klarna.com/uk/>