



## Basic Bank Accounts

### Why do it?

- Benefits, State Pension, Tax Credits, Wages can be paid directly into account.
- You can take money out at cash machines (there may be a charge).
- Take money out at the Post Office.
- Paying bills by direct debit may give a discount.
- Some banks may give you a Debit card and allow you to pay bills by standing order.
- Makes managing your finances easier.
- **You won't get:** A cheque book or an Overdraft.

Two 'easy to get' basic bank accounts are Barclays Cash Card and the Co-Op Cash Minder. Both have said that as long as you have the required proof of ID and address you'll be able to get a basic bank account.

If you have a credit union near you, a few of those offer bank accounts too, it's worth checking out.

### Will all banks and building societies allow me to open a basic bank account?

- Each will have their own requirements, but if you meet them you should be able to open an account.
- By law you will be required to prove your identify. Documents required will vary, but may include:
  - A valid passport or driving licence (with photo).
  - An old style driving licence (without photo).
  - A letter from a government department or local council confirming your right to benefits.
  - Suitable information of identity from a young persons workplace or educational establishment.
  - A letter from a care home manger or warden.
- If a credit check is required you will be advised.
- If your application is turned down, ask why.
- Useful contact: [www.fsa.gov.uk/bankingrights](http://www.fsa.gov.uk/bankingrights)

### When choosing a basic bank account:

- Ask whether local cash machines can be used and whether a charge will apply
- Can you pay money in and check your account at a local branch?
- Can you pay money in or get money out at a Post Office?

- Check the services you need, will be available e.g. direct debit, standing orders, Debit Card.

### **Step by step**

1. Decide which basic bank account suits you.
2. Have documents ready to prove your identity and where you live (you will need three).
3. Tick appropriate boxes in Tables One and Two (next page) and take to bank
4. If you want your benefits, state pension, tax credits or wages paid directly in to your account talk to your benefits office, pension office or wages staff.
5. To arrange Direct Debit payments ask the company or organisation, you want to pay, for a form.

### **Answers to frequently asked questions**

- If a basic bank account is offered the provider should give you details of the account and how to open
- You should be advised of what to do if things go wrong and compensation arrangements if the bank or building society goes out of business.
- Regular statements should be provided showing money in and out of your account. Mini statements will usually also be available from cash machines.
- In most cases Post Offices will advise you of your balance and also enquires will be available online.
- If there isn't enough money in your account then regular payments such as direct debits will not be actioned. **This may result in a fee being charged.**
- If you can't use a chip and pin ask about alternatives such as chip and signature.
- Complaints should be dealt with initially through the bank or building society. If there is a need to take matters further you should contact the Financial Ombudsman Service. Your bank or building society will give your contact details.

## To open a basic bank account

### Request To Open a Basic Bank Account

To the manager of ..... Bank, I would like to open a Basic Bank Account. I do not want a cheque book or overdraft facility, but I would like to be able to make Direct Debit and Standing Order payments. I do not want to open any other style of bank account or apply for any other services at this time. I have indicated below what identification I am providing. If this has to be sent to a central location please make certified copies, do not send my original documents, as per the Banking Code guidance.

Table One (To confirm who you are)	Tick
Benefit books, benefit entitlement letters: including pension, child benefit, income support, disability and job seekers allowance	
UK photo card driving licence or UK full paper driving licence	
Full Passport	
European Union member state identify card	

Table Two (To confirm where you live)	Tick
UK photo card driving licence or UK full paper driving licence with current address (if not used for identification above)	
Gas or Electricity bill (dated within last three months)	
Water bill (dated within last three months)	
Telephone Bill for a fixed line, not a mobile phone (dated within last two months)	
Local Authority council tax bill (current financial year)	
HM Revenue and Customs notice of tax coding (current year)	
Wage or salary slip (dated within last three months)	

If a basic bank account is not available to me please state the reason why: .....

.....

Please advise the following details:

Bank staff full name .....

Bank and Branch .....

Contact telephone number .....

Take the form on the previous page to the bank of your choice. Remember: You will also need to take three forms of identification. One from each of Table One and Table Two and a third item is required that can be from either table. Note: You cannot use the same item twice.

### **You really need to budget!**

The problem with most budgets is they don't work! They look at a typical months spending, yet we don't spend by the month, what about the daily coffee, magazines, takeaways, birthdays etc? Because of this they may massively underestimate your real spend and miss huge costs such as Christmas, summer holidays, new sofas or even changing a car every five years.

Broad categories like "motoring" make it too easy to forget the small items that add up. Instead it needs to be: MOT, new tyres, petrol, insurance, breakdown cover and more, to ensure all expenditure is captured.

Doing the budget planned accurately should take about an hour. It's best if you gather together your bank and credit card statements first, preferably the last three months worth. Between them it should list all standing orders, direct debits and five you and accurate idea of what you spend. For example, for food shopping, gather together all your receipts for the last three months, add up all food spending listed, then divide by three to reach your average monthly spend.

### **Don't ask: "What's the cheapest way" Ask: "What can I afford?"**

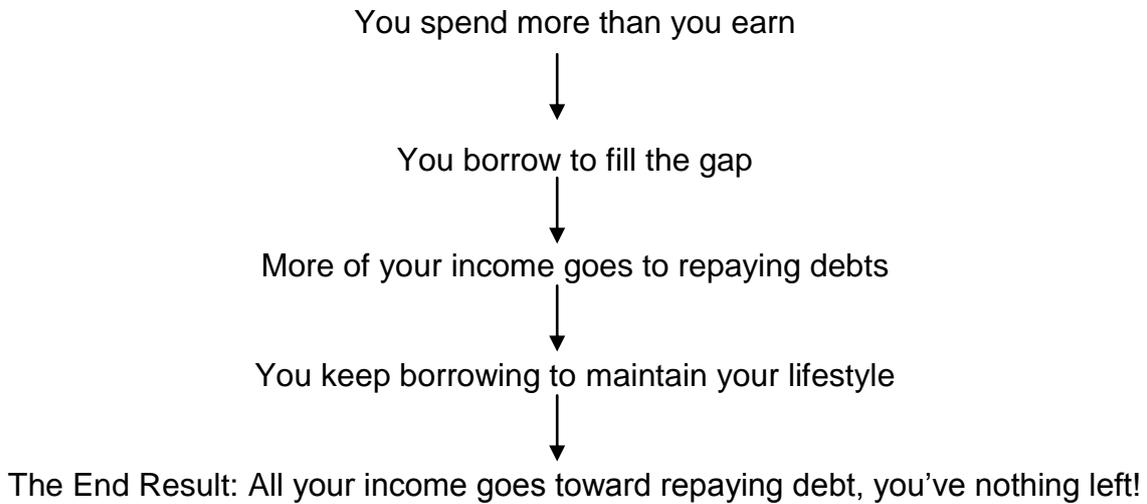
Many people look for the cheapest way to do something and consider that to be Money Saving, yet actually if you're over spending it's more important to understand that your finances must lead your lifestyles, not vice-versa. People often get into trouble at Christmas by asking "how do I have a great Christmas, with a big tree, all the family round for dinner and hi tech prezzies for the kids, on the cheap?" this is a bad question; it establishes your priorities without reference to how much money you've got. The right question, to get back on track, is "What can I afford to spend this Christmas?" and plan your activities around that. It's possible the end result of this is that you don't take the holiday you wanted but more importantly, if you follow it properly, you won't spend what you can't afford.

### **In the red?: sort it now!**

Spending more than you earn may not seem like a big deal, yet it can be a disaster, and not just financially. At best you'll use up any savings; at worst, you'll need to borrow. This can be dangerous as it means you can't afford your life style and so there's no planning to the debt and no end in sight. Sadly this can result in a debt spiral and that does not just hit your pocket; it can hurt your home, family, mental health and relationship. When there's no money left and you can't borrow more, and the creditors are asking for money back which you're unable to repay, it touches every element of your life.

## Debt spiral

A debt spiral works like this



## Budget planner

For every aspect of your life: Ask yourself two questions: "Do I need it?" if you do, "Could I do it more cheaply?"

### Section A

<b>Income</b>	<b>Amount</b>
Your pay after tax	
Partner's pay after tax	
Pension income	
State benefits	
Child benefit or maintenance	
Tax credits	
Other	
<b>Total Income</b>	

### Section B

<b>Spending</b>	<b>Amount</b>
<b>Household</b>	
Food and drink (supermarket shop)	
Rent, service charge	
Council tax	
Electricity	
Gas	
Water	

Phone, Internet, satellite TV etc.	
Mobile phone	
TV licence	
Other	
<b>Leisure</b>	
Going out, cinema , takeaways	
Alcohol, cigarettes	
Holidays	
Gym membership, sports activities	
Books, magazines	
Hobbies	
<b>Financial</b>	
Loan, credit Card	
Life insurance	
Contents insurance	
Car insurance	
<b>Travel</b>	
Getting to work	
Car (tax, mot, service)	
Petrol, oil	
<b>Children</b>	
Childcare	
Child maintenance	
School	
Birthdays	
<b>Other</b>	
Clothing, shoes	
Prescriptions, health	
Dentist	
Toiletries	
Daily , weekly, monthly	
Quarterly, annual?	
<b>Total Spending</b>	
Total Income (from section A)	
Total spending (B)	
Income minus spending (A minus B)	

### **Taking Control!**

Spending only a little time a week, reviewing and planning your budget, can make a real difference. You'll know what's coming in, what's going out and how much money you've got left over.

An online budget planning tool can help and will do the calculations for you. Try the Financial Services Authority ([www.money.madefair.fsa.gov.uk](http://www.money.madefair.fsa.gov.uk)) or [www.budgetbrain.com](http://www.budgetbrain.com) (with TV's Martin Lewis), or just make a list using the form opposite as a starting point. Include all your income and everything you spend, not just the items listed. Don't forget stuff you pay for in cash!

**Convert all figures to monthly or weekly amounts, but stick to one or the other.**

What is you've overspent? You need to spend less, do less and sell things until you are living within your means. Easy lifestyle changes can make huge difference. Cutting out a daily £2.50 coffee reduces your annual expenditure by £625. Add magazines, cigarettes, chocolate, parking, etc. and savings will soon mount up.

**If your debts are severe you should seek urgent guidance.**

Visit free no profit debt crisis agencies like: Citizens Advice Bureaux 0870 121 2134 ([www.adviceguide.org.uk](http://www.adviceguide.org.uk)), Consumer Credit Counselling Service ([www.cccs.co.uk](http://www.cccs.co.uk)), or National Debt line 0808 808 4000 ([www.nationaldebtline.co.uk](http://www.nationaldebtline.co.uk)), as soon as possible. Loads of information and advice is also available from: [www.moneysavingexpert.com](http://www.moneysavingexpert.com) and Bristol Credit Union [www.bristolcreditunion.org.uk](http://www.bristolcreditunion.org.uk) or Money Advice Service [www.moneyadviceservice.org.uk](http://www.moneyadviceservice.org.uk)