



## Safe bank accounts

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Use this fact sheet to:

- understand why you may need a safe bank account;
- help you recognise the benefits of a basic bank account; and
- try to find a suitable bank account for you to open.

### What is a safe bank account?

If you owe money to your bank or building society, it is important to make sure that any income, for example your wages or benefits, do not go into that account. This is because in some circumstances, banks and building societies can take money from an account you have with them to pay towards a debt that you owe them. This could leave you with too little money to pay your essential bills, such as your gas, electricity and food shopping.

A safe bank account is an account with a bank or building society that you do not owe any money to. This includes money owed to credit cards, loans and overdrafts.

When you apply to open a new safe bank account, the bank will usually check if you are eligible for their current account first. If you are eligible, the bank are likely to offer you this type of account.

If you do open a current account and don't want to get into debt with the bank, request that you are not given an overdraft facility. This is because if you use your overdraft facility, the bank is likely to start charging interest on your account. An overdraft is also repayable on demand, so your money would no longer be safe.

It is also important to know that some banks belong to the same banking group, for example Royal Bank of Scotland and NatWest. When you open a safe bank account you should try to avoid using a bank within the same banking group as a bank that you owe money to. If you do not, your money may still be at risk of being taken.

#### Extra advice:



#### the Current Account Switch Service

Most banks have a guarantee that will let you switch accounts within **seven days**. This is called the Current Account Switch Guarantee. Banks will also guarantee that payments in and out of your new account are switched over in time so that you do not miss any regular bills and payments.

#### Important:



#### business accounts

The rules about when banks can take money from business accounts to pay a debt to them can be very different compared to personal accounts. If you have a business account, contact Business Debtline on **0800 197 6026** or see [www.businessdebtline.org](http://www.businessdebtline.org).



There isn't a central list of all UK banks and their membership available for you to search. However, there are several websites that give useful information about different banking groups. For example, the **Lending Standards Board** website lists its membership and shows which other banks they are linked to. For more information, go to [www.lendingstandardsboard.org.uk](http://www.lendingstandardsboard.org.uk) and click on 'Our registered firms'. If you are unsure which banks belong to the same banking group, **contact us for advice**.

The **Money Advice Service** has lots of useful information on its website on how to open an account, including account features, what identification you will need and things you should think about. See [www.moneyadvice.org.uk](http://www.moneyadvice.org.uk) or call **0300 500 5000**.

## What is a basic bank account?

You may not qualify for a current account if you have missed payments on your bills and debts. If this is the case, a bank should offer you their basic bank account instead.

A main advantage of a basic bank account is that this type of account has no fees attached to it. As basic bank accounts do not provide an overdraft facility, you won't be charged interest on the account and fees are not added for returned direct debits or standing orders.

Since **September 2016**, the largest banks have been required to offer fee-free basic bank accounts. These include Barclays, Santander, Royal Bank of Scotland (including NatWest), HSBC, Nationwide, Co-operative, Lloyds (including Halifax and Bank of Scotland), TSB, Clydesdale and Yorkshire Bank.

A fee-free bank account with the above banks will usually have fewer features than a current account, but you can still do the majority of things that you would need to. This includes the following.

- Set up direct debits and standing orders.
- Use a debit card to pay for items and withdraw money from a cash point.
- Have your income paid into the account.
- Check your balance at a bank, at a cash machine or online.

Other banks may also offer basic bank accounts, but they may not include all the features listed above or may include charges. It is important that you check what features an account offers and what charges the bank can add before you open a basic bank account with them.

The **Money Advice Service** has useful information on how to open a basic bank account. Their website also has links to several banks' basic bank account information pages. This gives extra information about a particular bank's basic account, such as what identification you will need to open an account. See [www.moneyadvice.org.uk](http://www.moneyadvice.org.uk) or call **0300 500 5000**.

The **Financial Conduct Authority** state that, from **September 2016**, you will be entitled to open a basic bank account if you are ineligible to open a standard bank account, unless it would be unlawful for the firm to open the account. If you can't open a basic bank account the bank should tell you why you have been turned down. If they do not, or you feel you have been turned down unfairly, you may be able to complain to the **Financial Ombudsman Service**. If you are unhappy with how a bank has dealt with your application, **contact us for advice**.



## Bank accounts and bankruptcy

Barclays, Santander, Royal Bank of Scotland (including NatWest), HSBC, Nationwide, Co-operative, Lloyds (including Halifax and Bank of Scotland), TSB, Clydesdale and Yorkshire Bank must now allow undischarged bankrupts to open a basic bank account. The bank will usually check your eligibility for their current account first. If the bank decides that you aren't eligible for a current account because you are an undischarged bankrupt, they should offer you their basic account.

Other banks may let you open an account as an undischarged bankrupt, but you would need to check the bank's policy before applying.

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Business Debtline endeavour to keep our fact sheets as up-to-date as possible, however, we cannot be held responsible for changes in legislation or for developments in case law since this edition of the fact sheet was issued.

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