



Basic Bank Accounts

What is a basic bank account?

It's an account which is similar to a normal current account in that you can have your wages, tax credits and any other benefits paid in directly. You can also pay cash and cheques into the account, and you can set up direct debits and standing orders to pay your bills and make payments to other people. Most basic bank accounts will give you a debit card, so that you can make payments instore and online and they all allow you to set up direct debits which can make bills cheaper than paying by cash or cheque. Unlike normal bank accounts, they do not give you a cheque book or overdraft facility.

Are they completely free of charge?

Yes – basic bank accounts are free of all charges since January 2016. However, you still need to manage your account so that you have enough money in it to cover any direct debits as while you may not get charged by the bank for an unpaid direct debit you could still get charges from the company that hasn't been paid.

Who are basic bank accounts for?

Anyone can open a basic bank account unless you have a criminal conviction for fraud. They are normally aimed at people that do not have a bank account in their own name and have a poor credit history due to serious defaults, CCJ's or bankruptcy. These people will have a poor credit score and won't pass the credit check for a standard bank account so a basic bank account may be their best option.

Do I need ID to open a basic bank account?

Yes to confirm who you are, you usually need one of the following; Current passport, EU identity card, driving license (photocard), HMRC letter or DWP letter.

Which are the easiest basic bank accounts to get?

Many banks offer a basic bank account but in general the 4 banks which welcome basic bank account customers and are more proactive in helping them are Barclays Basic Account, Co-op Cashminder account and Virgin Money's Essential Current account.

Please see overleaf for details.

	Natwest	Barclays Basic Current Account	Co-op Cashminder	Virgin Essential Current Account
Accepts those with an undischarged bankruptcy	✓	✓	✗	✓
Accepts those in an IVA, DMP, DRO or discharged bankruptcy	✓	✓	✓	✓
Those with a record of fraud	✗	✗	✗	✗
Minimum age (<i>similar accounts exist for 16-17 year olds</i>)	18	18	16	18
ID required	<i>Proof of address plus one piece of ID</i>	<i>Proof of address plus one piece of ID</i>	<i>Proof of address plus one piece of ID</i>	<i>Proof of address plus one piece of ID</i>
Credit check needed?	<i>Yes, to confirm identity & check if you're eligible for a standard account</i>	<i>Yes, to confirm identity & check if you're eligible for a standard account</i>	<i>Yes, but only to confirm identity & check whether you're bankrupt</i>	<i>Yes, but only to confirm identity & check whether you're bankrupt</i>
Allows direct debits and standing orders	✓	✓	✓	✓
Free access to UK ATMs	✓	✓	✓	✓
Visa debit card given	✓	✓	✓	✓
Overdraft available	✗	✗	✗	✗
In credit interest	✗	✗	✗	✓
Unpaid direct debit charge	Nil	Nil	Nil	Nil
Open it	<i>In branch / Telephone / Online</i>	<i>In branch</i>	<i>In branch / by post</i>	<i>In branch</i>

Are there any alternatives?

If you can't get or don't want a basic bank account there are other alternatives to try but they may not be available to everyone and in many cases they are not cheap.

Credit Unions – a few credit unions around the UK now offer bank accounts. You'll usually have to pay a small joining fee and commit to keeping a certain balance in the account. They tend to serve the local community.

Post Office Card Account – If you're in receipt of certain Government benefits, pension or tax credits, and you don't have a bank account for them to be paid into, then you can use a Post Office Card Account. You'll need to contact the office that pays your benefit as you can't open these accounts directly. You'll need proof of ID and address to get one of these accounts opened for you. The Post Office Card Account is very basic – you

get a card, and your benefits are paid onto that card. You can then use the card to withdraw cash, until the balance runs out. There's no overdraft facility, and you can't spend on the card or set up direct debits to be paid from the account.

Fee-paying accounts – There's a couple of bank accounts out there that don't credit check, so are open to all, but you will have to pay a monthly fee of about £17.50. They are open to anyone and on the plus side it does separate your money for you so that money is set aside for bills. This way you know how much is available for you to spend, however the accounts are expensive to run.

Contact us for more information

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