

2. Banking

2.1 Basic Banking



There are lots of different banks accounts
Most banks will offer you a basic bank account.

You can also have a bank account with the Post office.



Every bank account has different rules.
Make sure you understand what these rules are.



If you are paid **benefits** they will normally go into your bank account.



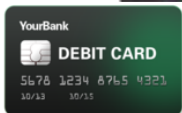
If you have a job, the money you are paid will normally go straight into your bank account



You can take money out of your account



You can also take your money out at a cash machine



If you have a bank card, you can use it to pay for things when you go shopping.



If you have a bank account, you can pay your bills by **direct debit**.

This can help save you money.



A **direct debit** is when you tell a company that it's okay for them to take money out of your bank account.



If you do not have enough money left in your account to pay the company, you will be charged a fee by the bank.



If this happens, the company will send you a letter asking you to pay the money



The company is not allowed to take more money than you owe for your bill.
You can tell the company to stop taking money from your account.



You can ask your bank to pay a company some money from your account each month.
This is called a **standing order**.



It is important to check how much money you have. A **bank statement** shows

- The money that has gone into your account
- The money that has gone out to pay for bills and shopping.

- How much money you have left



A bank statement will also show if you have been charged money by the bank. This might happen if you don't have enough money in your account to pay for direct debits.



It is important to tell your bank if you are having problems managing your money.

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2.2 Opening a bank account



To open a bank account, you normally need to go into the bank to speak to someone who works there.



You will need to take some important documents to the bank.



Most banks will want to see something official with your photo on. This could be:

- your passport
- Or your driving licence



If you don't have a passport or a driving licence, the bank might look at an official letter. This might be:

- A letter about your benefits
- A letter about your council tax



You also need to tell the bank where you live. This is called **proof of address**

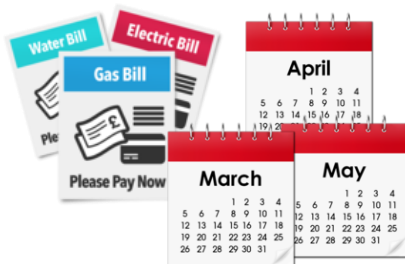


There are lots of documents that are **proof of address**:

- Your Council tax letter



- Your Tenancy agreement from the last 12 months



A bill from the last 3 months

- Gas bill
- Water bill
- Electricity bill

If you are not sure what to bring, ask your bank what they need.



Each bank has different rules, so it is important to check what you need to bring before you go.

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2.3 Bank Overdrafts



If you take out more money than you have in your bank account, you will go into your **overdraft**.



An Overdraft means you have borrowed the extra money from the bank.



The bank will sometimes say it is okay to have an overdraft.

This is called an **Agreed Overdraft**



The bank will set an **Overdraft Limit**. This is the amount the bank says it is okay to borrow



It costs money to have an overdraft

Explained
more in the
Interest
Factsheet

You have to pay **interest**.

If the interest rate is 10% and you have a £100 overdraft, you have to pay an extra £10 each year.

This gets added to your overdraft, so now you owe the bank £110

Fees

If you go over your overdraft limit, this is called an **Unauthorised Overdraft**.

This could be a daily fee (about £5).
The bank will charge this fee every day that you are in an **Unauthorised Overdraft**



Some banks will charge you a bigger fee (about £20). They charge this fee every time you go into an **Unauthorised Overdraft**

Be careful!

An overdraft is expensive



And:

The bank might tell you to pay back your overdraft. This can be difficult if you don't have the money to pay the money back.



It is important to speak to someone if you don't have enough money in your account



You can speak to advice agencies like Citizens Advice



or you can call National Debtline
on 0808 808 4000

The number is free to call