



Fee-free basic bank accounts

- How they work
- Things to consider
- Who offers them

→ Here to help you

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- understand your pension options
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- find out about extra benefits and entitlements.

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This guide is for you if you want to know more about fee-free basic bank accounts.

Contents

Key points about fee-free basic bank accounts	2	How fee-free basic bank account services work	6
Can I open a fee-free basic bank account?	3	When you might be refused a basic bank account	8
How to open a fee-free basic bank account	4	Upgrading to a full-service current account	9
Using your fee-free basic bank account	5	Jargon buster	10
		Useful contacts	11

Key points about fee-free basic bank accounts

Fee-free basic bank accounts are for people who don't qualify for a standard current account.

This could be because you haven't been able to build up a credit history or maybe you have a poor credit history because of money problems and want to use a fee-free basic bank account until you qualify for a standard current account again.

Opening a fee-free basic bank account can help you qualify for a full-service bank account and improve your credit history.

There are no charges for running a fee-free basic bank account and you won't have to pay fees for Direct Debits or standing orders that fail.

But the people you owe money to might still charge you for missed payments.

You won't have access to an overdraft.

You will be charged for buying things in a foreign currency or using your account when traveling abroad.

Like all accounts, you can:

- have your wages, benefits and other income paid into your account
- pay in money and cheques for free (as long as they're not in a foreign currency)
- take out money over the counter or from a cash machine
- pay regular bills by Direct Debit or standing order
- check account balances over the counter, at a cash machine, online or on your mobile
- use a debit card to pay for things in shops and online.

See our online guide to fee-free basic bank accounts at: moneyhelper.org.uk/fee-free-basic-bank-accounts

Can I open a fee-free basic bank account?

Fee-free basic bank accounts are only available to some people. A bank or building society providing fee-free basic bank accounts will be able to tell you if you can open one.

You should qualify to open one if:

- you don't qualify for a regular current account because you're in financial difficulty or have a poor credit score
- you want to open a fee-free basic bank account with your existing or another provider.

If you're aged under 18

You need to be at least 16 to open a fee-free basic bank account, although for some accounts the minimum age is 18. If you're under 18, make sure you also compare fee-free basic bank accounts with other young persons' current accounts.

Joint accounts

You can open a joint basic bank account with someone else if you both qualify.

If you've been declared bankrupt

You might be able to open a fee-free basic bank account if you are an undischarged bankrupt and qualify to open one.

If you've got a conviction

You may be turned down for an account if you were convicted for fraud or money laundering.

See *Jargon buster* on page 10.



How to open a fee-free basic bank account

You'll often need to apply for one of the bank's other accounts first, such as their standard current account. You can usually do this online, by phone or in a branch.

If you don't qualify, you'll be told if you can get a basic bank account instead.

You can usually apply for a fee-free basic account:

- in person
- by post
- over the phone
- online.

You must provide official proof of identity (ID) before you can open a fee-free basic bank account. You might also have to confirm your address.

An official proof of ID could be a:

- passport
- driving licence.

Using official letters to prove your ID and address

If you don't have a passport or driving licence, your bank or building society might accept official letters from DWP, HMRC, Jobcentre Plus or your local council confirming your right to benefits, including Universal Credit. These letters should also contain proof of your address.

A letter confirming who you are and where you live from your employer, college or training provider might also be accepted by your bank or building society.

Other acceptable forms of ID and proof of address might include a letter from a person in authority, such as a:

- social landlord
- care home manager
- warden of sheltered accommodation, hostel or refuge
- armed services officer
- minister of religion
- GP.

You might have other documents to prove your ID and address if you are:

- an international student
- a migrant worker
- a refugee
- an asylum seeker
- a prisoner
- on probation.

Key point

It's best to show the bank or building society all the documents you have so they can decide which they will accept most easily. Be aware that some documents need to be dated within certain time frames, such as three, six or 12 months.

Using your fee-free basic bank account

One of the most important things you can use your account for is to make and receive payments as you manage your money day to day.

Your fee-free basic bank account will allow you to:

- pay money in or withdraw cash over the counter in branches
- withdraw cash at Post Office® counters
- use cash machines within the LINK network
- set up Direct Debits and standing orders from your account
- make other electronic payments such as faster payments
- use a payment card in stores and online
- set up Apple Pay, Google Pay or Samsung Pay.

Key points

You'll be given an account number and a sort code number to identify your account.

Be very careful that you give the correct information to the bank, building society or someone who owes you money.

They might not be liable if you give the wrong details and the money goes to the wrong account.

Keeping track of your money

You can choose to manage your fee-free basic bank account by phone, in branches or online. This can help you get into the important habit of checking your account balance regularly. See *Jargon buster* on page 10.

Your bank or building society will issue a regular print or online statement showing what money has been paid in and what has gone out of your account.

You can check how much money you have and get a mini statement from a cash machine showing the most recent transactions.

You can also get text alerts to your phone or download mobile apps to check your balance on the go.

Key point

If you find remembering or using Chip and PIN difficult, you can ask your bank or building society about using Chip and signature, a rubber stamp or contactless instead. See *Jargon buster* on page 10.

Find out more about running your bank account at:
moneyhelper.org.uk/running-your-bank-account

How fee-free basic bank account services work

Fee-free basic bank accounts offer several banking services but you might not be able to get all the services that other bank accounts offer.

Direct Debits and standing orders

If you pay your bills by Direct Debit or standing order and you don't have enough money in your fee-free basic bank account, your bank or building society will not make the payment. They'll tell you if this happens.

While your bank or building society won't charge you, you are still responsible for paying the people you owe money to (your creditors). They might charge you for missed payments.

Your bank or building society might cancel your Direct Debit or standing order if you regularly don't have enough money to meet payments.

Find out more about Direct Debits and standing orders at: moneyhelper.org.uk/direct-debits-and-standing-orders

Overdrafts

You won't be able to get an arranged overdraft with your fee-free basic bank account.

If your account has a buffer zone, you'll be able to take money out of a cash machine up to that limit (typically £10) even if you have run out of cash.

See *Jargon buster* on page 10.

Your bank or building society won't charge you for going overdrawn up to the buffer-zone limit. But you must pay money into your account to return it to credit as soon as possible.

Fees and charges

No fees or charges will apply to using your fee-free basic bank account where:

- your purchases or transactions are made in the UK
- regular payments are declined because you don't have enough money in your account.

Fees and charges will apply if you:

- take out cash from fee-charging UK or foreign cash machines
- make online payments in a foreign currency, even if this is in the UK
- make payments with your card abroad.

Who offers fee-free basic bank accounts

Any bank or building society can offer a fee-free basic bank account, but the

largest ones on the high street must offer you one if you don't have a bank account and/or don't qualify to open or use a standard current account. These are:

Bank or building society	Name of account
Bank of Ireland UK	Basic Cash Account
Bank of Scotland	Basic Account
Barclays	Barclays Basic Current Account
Cashplus Bank	Freedom Account
Co-operative Bank	Cashminder
Halifax	Basic Account
HSBC	Basic Bank Account
Lloyds Bank	Basic Account
Metro Bank	Cash Account
Nationwide	FlexBasic
NatWest	Foundation Account
Royal Bank of Scotland	Foundation Account
Santander	Basic Current Account
TSB	Cash Account
Ulster Bank	Foundation Account
Virgin Money	M Account

Use our tool to compare bank account fees and charges; you can filter your search to see fee-free accounts only: moneyhelper.org.uk/compare-bank-account-fees-and-charges

When you might be refused a basic bank account

Not everyone can open a fee-free basic bank account. Your bank or building society will want to check you qualify before they accept your request.

They might refuse to open a new fee-free basic bank account if:

- you could get another account, for example a standard current account
- you can't provide proof of your identity or address
- you refuse a credit check (although you don't have to pass one)
- they think you will use the account unlawfully or fraudulent, or have a record of fraud
- you're threatening, abusive or violent towards staff.

All banks and building societies can reject applications from people who have a record of fraud.

If your application for a fee-free basic bank account is turned down, you're entitled to ask why.

Your bank or building society should tell you the reason why they refused your request unless they suspect you of fraud or money laundering.

If you don't agree with the decision and think you are entitled to open a fee-free basic bank account, you can complain to your bank or building society.

Find out more about how to sort out money problems at: moneyhelper.org.uk/en/money-troubles/money-problems-and-complaints/how-to-complain

When your fee-free basic bank account can be closed

Your bank or building society can close your fee-free basic bank account if:

- they decide you now qualify for a standard current account
- you open another bank account in the UK
- you regularly fail to meet the terms and conditions of the account
- you don't use your account for more than two years
- you've used the account unlawfully or fraudulently, or there are concerns you might use the account in this way
- you're threatening, abusive or violent towards staff
- you give false or misleading information.

Your bank or building society will give you at least two months' written notice, explaining why they intend to close your account.

For your options if you are turned down for an account, see our online guide to fee-free basic bank accounts at: moneyhelper.org.uk/fee-free-basic-bank-accounts

Upgrading to a full-service current account

Your bank or building society might review from time to time whether a full-service current account is better for your needs.

They will look at:

- whether you still qualify for a fee-free basic bank account
- your financial circumstances
- how you use the account.

Full-service current accounts work in the same way as fee-free basic bank accounts, except that they can offer more features, such as interest on your balance, and products such as insurance or overdrafts.

However, you might also have to pay interest and charges to use a full-service current account. For example, if payments are declined because you don't have enough money in your account or if you use overdraft facilities. Your bank or building society must give you at least two months' written notice following a review, explaining why they intend to move you to a full-service current account.

If you're not sure about moving from a fee-free account to a fee-charging account, speak to someone about what you can do as soon as possible.

You can also consider switching to a fee-free basic bank account with another bank or building society.

Find out more about choosing the right bank account at: moneyhelper.org.uk/choosing-the-right-bank-account

If things go wrong

Mistakes can happen but there are things you and your bank or building society can do to put things right.

If you have a complaint about the service you receive, first contact your bank or building society to give them a chance to sort the problem out.

They should look into your complaint and reply within eight weeks.

If you're not satisfied with the response you receive, you might be able to take your complaint to the Financial Ombudsman Service to see if they can help you.

Your bank or building society must give you details of this free Ombudsman service when they reply to you. (See *Useful contacts* on page 11)

Find out more at: moneyhelper.org.uk/en/money-troubles/money-problems-and-complaints/how-to-complain

Any money held in a fee-free basic bank account is protected under the FSCS deposit guarantee scheme, which offers protection of up to £85,000 per person. This means if your bank or building society goes bust you will be covered up to this amount.

Find out more at: fscs.org.uk

Jargon buster

Balance

The total amount of money in your account.

Buffer zone

A small amount of credit that a bank or building society might give you, so you can get money from a cash machine even if you do not have enough money in your account.

Cashback

A service that allows you to get a percentage of your spend back in supermarkets or other shops, using your debit card.

Chip and PIN

The name for using a Personal Identification Number (PIN) to authorise payment from your account.

Credit check

A search of your borrowing record, also known as your credit history. A bank, building society or other organisation carries out a credit check on you before they decide whether to agree to you opening a bank account.

Debit card

A card issued by a bank or building society that you use to withdraw cash or to pay for things you buy in shops or online. The money is usually taken from your account immediately.

Direct Debit

A way of paying bills from your account. You sign a form allowing the company you're paying to take the money directly from your account on set dates. They must tell you in advance before

changing the amount they take or the dates of the payments.

Interest

A charge for borrowing money, or a reward for saving money. It's usually shown as a percentage of the amount you've borrowed or saved.

Overdraft

A facility allowing you to spend more money from your account than you have in it. The bank or building society will usually charge you interest if this happens, and sometimes other fees as well. You don't get an overdraft with a fee-free basic bank account.

Standing order

A way of paying bills from your account. You sign a form sent to you by the company you're paying. This sets out the amount to be paid and the payment dates. You then give this to your bank or building society, which pays the amounts from your account automatically on the agreed dates to the company you're paying. You must tell your bank or building society if the amount or the dates of payment need to change.

Statement

A detailed list of all payments in and out of your account over a period of time, for example, one month. Ask your bank or building society how often they issue statements.

Undischarged bankrupt

A person who can't pay their debts and is still on the bankruptcy register.

Useful contacts

MoneyHelper

MoneyHelper is independent and backed by government to help people make the most of their money by giving free, impartial money and pensions guidance to everyone across the UK – online and over the phone.

For free and impartial guidance on any money or pension queries, you can contact us by calling on:

Money guidance

0800 138 7777

Mon - Fri 8am to 6pm

+44 20 3553 2279

if you're outside the UK

Pensions guidance

0800 011 3797

Mon - Fri 9am to 5pm

+44 20 7932 5780

if you're outside the UK

Or visit moneyhelper.org.uk

Webchat:

moneyhelper.org.uk/moneychat

moneyhelper.org.uk/pensionschat

WhatsApp:

+44 7701 342744

(money guidance)

Join our **online communities** for support: moneyhelper.org.uk/online-communities

Financial Ombudsman Service

0800 023 4567 or 0300 123 9123

financial-ombudsman.org.uk



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