



A guide to **basic bank and credit union accounts**



Information about basic bank and credit union accounts

It is our policy to pay Housing Benefit directly into a bank or credit union account. This type of payment is called a Bacs payment. In order for us to do this, you need to have a bank, building society or credit union account. Unfortunately we cannot pay Housing Benefit into a Post Office card account.

Why should I open a basic bank account?

Having a bank or credit union account can make it much easier to manage your money, as you have a record of how much you are spending and get regular statements showing where your money is going.

Getting your income paid directly into a bank or credit union account and paying bills from the account by direct debit will save you time. It may also save you money as many companies offer a discount if you pay your bills by direct debit.

Direct payments into a bank or credit union account are much safer than cash, giro or cheque payments, which are more likely to go missing in the post or be stolen.

Many employers insist on paying wages into these types of account. Opening an account will save you time if you start working for an employer who insists on paying you through Bacs payments.

Most benefits, including Housing Benefit, are now usually paid directly into a bank or credit union account.

Having a bank or credit union account will give you easier access to loans and credit. By having money paid into a bank account regularly, your credit rating may improve. This means that you are more likely to be successful when applying for loans or credit cards, and may be charged a lower interest rate.



What type of accounts are available?

There are three main types of bank account. These are basic bank accounts, current accounts and, in some parts of the country (including Hackney), credit union accounts.

Basic bank accounts

Since 2000, the Government has made it clear that banks should have a basic bank account that is available to everyone, including those with poor credit ratings.

This account is a simple account that will give you access to basic banking facilities, but limit the chance of you getting into debt. There is no monthly charge for a basic bank account.

A basic bank account allows you to have your wages or benefits paid directly into your account through a Bacs payment. It also allows you to pay off bills by standing order or direct debit.

With a basic bank account you may be offered a basic cash card to allow you to withdraw money from cash machines. Many accounts allow you to pay and withdraw cash from the counter.

Basic bank accounts do not let you have an overdraft or give you a chequebook. This could mean that your bills and direct debits will not be paid if you do not have enough money in your account.

Some basic bank accounts will allow you to withdraw cash for free at your local post office. You should speak to the bank to find out whether they allow this.

Some banks will upgrade your basic bank account to a standard current account once you have paid money in regularly for a certain length of time.

Current account

This is like a basic bank account (you can set up direct debits and have your wages paid in) but you will also receive the added benefits of a debit card and a chequebook. The bank may also offer you an overdraft depending on your financial circumstances. This type of account is usually harder to open if you have a poor credit history. For some current accounts you will need to put a certain amount of money into the account each month. For other current accounts you will have to pay a small monthly fee, but will get extra benefits in return.

Credit union account

Credit unions are co-operatives. This means they are owned and run by their members. They are usually local organisations and serve a particular area. The idea is that members combine their savings, which they can then use to provide cheap loans to other members.

Credit unions have been successful at providing easy access to banking facilities, and are a good source of cheap credit, especially for people with a limited income.

Hackney is now served by the London Community Credit Union which is one of the biggest credit unions in London. Anyone who works, lives, or studies in Hackney can join the London Community Credit Union.

The London Community Credit Union will often open accounts for people who have been made bankrupt, or have a history of debt problems.

They also tend to accept a wider range of proof of identity to open an account, compared to the high street banks.

Members have a savings account which they regularly save into, and which gives them a share in the society, even if the amount they have saved is only a pound.

If the credit union makes a profit, all the account holders receive a share of these profits at the end of the year. The amount each member receives depends on the size of their share in the society.

The London Community Credit Union also offer most members a current account with a cash card or debit card, which allows wages, salary, pensions, or benefits to be paid straight into the account, and allows you to set up direct debits and standing orders.

It also has a range of budget accounts to suit people with a history of debt problems.

Post Office accounts

We cannot pay Housing Benefit to a Post Office account.

How do I open a basic bank account?

You should contact the bank direct to open a bank account. It is your decision as to who you bank with – we are not qualified to provide you with this financial advice.

You will normally need to fill in an application form, and provide proof of who you are and where you live.

You should follow the instructions on how to fill in the form. If you have any questions about what parts you should fill in, you should ask the staff at the bank, building society or credit union you have chosen. If you don't fill in all the parts of the application form that you need to, the bank may refuse your application.

Why do I need to provide proof of my identity to open a bank or credit union account?

Under law, banks, building societies and credit unions must check the identity of their customers before allowing them to open accounts.

This is so that the bank or credit union is certain that you are the person you claim to be, and that the address you provide is yours.

Without these checks, criminals and fraudsters could open a bank account and take out loans in your name by pretending to be you.

By asking you for evidence of your identity, it prevents money laundering. This is where criminals use a false identity to disguise illegal money by setting up a bank account in a false name.

How can I prove my identity?

You can prove your identity by providing documents that state who you are, your date of birth and where you live.

There are no standard rules as to what documents will be accepted – the requirements vary from bank to bank. But most banks and credit unions will want one document to prove your identity and one to confirm your address.

Proof of identity

Most banks and credit unions will usually accept the following official documents as proof of identity.

- A current signed UK passport.
- A valid EU or EEA identity card.
- A UK Border Agency ID card.
- A full UK driving licence.



Please note that not all banks will accept identity cards or driving licences from outside the EU.

Some banks and credit unions may accept other proof, such as:

- a current benefits letter confirming your right to state benefits or state pension;
- a construction industry photo registration card;
- an HM Revenue & Customs tax assessment;
- your birth certificate (if you are under 18);
- a disabled driver pass;
- a firearms licence;
- a police warrant card;
- a UK Armed Forces identity card; or
- a Northern Ireland voters card.

Proof of address

You will need to provide a second document to prove your address. Each bank has its own policy about what it will accept, but banks will generally allow you to use the following as proof of address.

- A UK driving licence stating your current address.
- An identity card from an EU member state.
- A UK bank or credit card statement (this must be under three months old).
- A UK mortgage statement.
- A current utility bill – this can be an electric, water or phone bill (but not a mobile phone bill).
- A current council tax bill.
- A TV licence renewal notification.
- A household or car insurance policy document.
- A local council or housing association rent book or tenancy agreement.
- A solicitor's letter confirming you have recently bought a house.

This list is only a guide – not all banks will accept all of these so you should contact the bank you choose to find out exactly what evidence they accept. Each bank has their own policy about what documents they will accept, and will tell you what they accept if you ask.

What if I don't have the documents I need?

Most people will have no problems proving their identity but some people may have problems providing the documents that the banks need.

If you cannot provide the documents the bank asks for to prove your identity, in certain circumstances the bank may accept other documents.

You should contact the bank to find out what would be acceptable. This could include things like a letter from an appropriate person, such as a social worker or your GP, confirming your identity.

If you are turned down by one bank for not having the right documents it is worth trying other banks, as they may accept different evidence of your identity.

I still cannot prove my identity

If you still have problems proving your identity, please contact us as we may be able to help.

The London Community Credit Union has agreed that they will normally accept our 'Confirmation of Identity' letter, which confirms that we, the London Borough of Hackney Benefits Service, checked your identity when you claimed Housing Benefit.

If you contact us we will be able to help you with this.



More information

If you need more information, please read the Moneymadeclear guide to basic bank accounts. You can get this from **www.moneymadeclear.org.uk/publications**. Or you can ask for more information and guidance at your local bank, building society or credit union.

Your local citizens advice bureau can also give you advice on opening a bank account, or dealing with debt problems.



If you would like to find out what this document says please tick the appropriate box, put your name, address and phone number at the bottom of this page and return it to the address below.

Bengali

এই দলিলে কি লেখা আছে সে সম্পর্কে যদি আপনি জানতে চান তাহলে অনুগ্রহ করে উপযুক্ত বাক্সে টিক দিন, এই পাতার নীচে আপনার নাম, ঠিকানা ও ফোন নম্বর লিখুন এবং এটি নীচের ঠিকানায় ফেরত পাঠান।

Somali

Haddii aad jeclaan lahayd in aad ogaato waxa dokumeentigani sheegayo faqlan calaamadi godka ku haboon, ku qor magacaaga, cinwaanka iyo telefoon lambarkaaga boggan dhankiisa hoose ka dibna ku celi cinwaanka hoose.

French

Si vous désirez connaître le contenu de ce document, veuillez cocher la case appropriée et indiquer votre nom, adresse et numéro de téléphone au bas de cette page et la renvoyer à l'adresse indiquée ci-dessous.

Spanish

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Kurdish

Ger hun dixwazin bizanibin ku ev dokument çî dibêje, ji kerema xwe qutika minasib îşaret bikin, nav, navnîşan û hejmara telefona xwe li jêrê rûpel binivîsin û wê ji navnîşana jêrîn re bişînin.

Turkish

Bu dökümanda ne anlatıldığını öğrenmek istiyorsanız, lütfen uygun kutuyu işaretleyerek, adınızı, adresinizi ve telefon numaranızı bu sayfanın alt kısmına yazıp, aşağıdaki adrese gönderin.

Polish

Jeśli chcesz dowiedzieć się, jaka jest treść tego dokumentu, zaznacz odpowiednie pole, wpisz swoje nazwisko, adres i nr telefonu w dolnej części niniejszej strony i przeslij na poniższy adres.

Vietnamese

Nếu bạn muốn biết tài liệu này nói gì hãy đánh dấu vào hộp thích hợp, điền tên, địa chỉ và số điện thoại của bạn vào cuối trang này và gửi lại theo địa chỉ dưới đây.

Urdu

اگر آپ یہ جاننا چاہتے ہیں کہ دستاویز میں کیا لکھا ہے تو ازراہ کرم مناسب باکس میں صحیح کا نشان لگائیے اور اپنا نام، پتہ اور فون نمبر اس صفحہ کے نیچے لکھیے اور اسے نیچے دیئے گئے پتہ پر واپس بھیج دیجئے۔

Chinese

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