

Sample complaint letter to bank

Name and address of your bank

Your address

Date

Formal complaint under the Consumer Credit Act 2006

Dear Sir or Madam,

On (date you first wrote to bank), I wrote to you and asked to use my first right of appropriation, so I could use my Housing Benefit to pay my rent.

Your bank refused to accept my request. Instead, your bank has incorrectly used my Housing Benefit to pay off my overdraft.

Under the banking code, you must behave in a sympathetic way.

Please take this letter as a formal complaint under your complaints scheme, set up under the Consumer Credit Act 2006. Please acknowledge that you have received this letter in a reasonable time, and also send me a copy of your complaints procedure.

Yours faithfully

(Signature)



Are you always overdrawn?

Does the bank keep taking your Housing Benefit to cover your bank charges?

If so, find out how to make sure your rent payments are protected and go to your landlord and not the bank.

This is known as the 'first right of appropriation'.



Can my bank take my Housing Benefit because I am overdrawn?

When your account is overdrawn, banks usually use any money paid into your account to cover the charges you have to pay for being overdrawn, or to reduce the amount you owe.

However, if you ask them, your bank should not use income-related benefits you receive, such as Housing Benefit, for this purpose, even if you have gone overdrawn and the bank has not approved an overdraft.

This is because the law says that you need a minimum amount to live on each week, and you have the right to ask your bank to make important payments such as your rent, regardless of whether you are overdrawn.

If you receive your Housing Benefit payments straight into your bank account, you can protect these benefit payments and ask your bank not to take them because you are overdrawn or to pay bank charges. You can tell the bank only to pay your Housing Benefit to your landlord. This is known as the first right of appropriation.

How do I get the bank to do this?

You must write to your bank giving them a formal instruction that you want to use your first right of appropriation.

In your letter you must make it clear that the bank must use any regular payments from us (the London Borough of Hackney) to pay your rent. You must also tell them:

- how much Housing Benefit you receive;
- how often you receive Housing Benefit;
- that we pay your Housing Benefit;
- that you receive Housing Benefit to pay your rent; and
- that they must pay your Housing Benefit to your landlord.

You must tell your bank that you want to use your first right of appropriation at least seven working days before you receive your Housing Benefit payment.

The bank should then only use your Housing Benefit to pay your rent.

If you do not give the bank seven days' notice, they may ignore your letter. You should always keep a copy of the letter you send to your bank, in case there is any disagreement.

If your bank ignores your letter, you must first complain to the bank (see our sample complaint letter) and then to the Banking Ombudsman.

Please remember that using your first right of appropriation only means that your bank will pay your Housing Benefit to your landlord.

The bank will still charge you if you are overdrawn. If you stay overdrawn for too long, your bank could close your account.



It is a good idea to stop any unnecessary standing orders or direct debits that could increase your debt, before you think about using your first right of appropriation.



You can get more information about banking and complaints from www.adviceguide.org.uk/nm/c_banks_and_building_societies.pdf.

If you have any questions or if you need help, please contact us at:
Revenues and Benefit Service
Hackney Service Centre
1 Hillman Street
Hackney
London
E8 1DY

Sample bank letter

Name and address of your bank

Your address

Date

Right of appropriation

Account number:

Dear Sir or Madam,

I am writing to tell you that I have chosen to have my Housing Benefit payments from the London Borough of Hackney (£...) paid into my account every two weeks.

I want to use my first right of appropriation so this money is only used to pay my rent.

I have set up a standing order/direct debit to pay my landlord, (name of your landlord), on the (day that the standing order/direct debit is set for) of the month. Until I tell you otherwise, please make sure that you do not take any other payments out of my account which will interfere with this.

Yours faithfully

Signature

Print your name