

FAQs

How do I know which bank to choose?

First, work out what it is you want in a bank. Is the interest rate on savings the most important thing to you? Or do you want savings made 'easy' though something like an account that automatically 'rounds up' daily spending and puts little bits aside into a savings account? Do you want to build a relationship with a bank for a loan in the future? Do you want to be able to go into a branch? Do you want a snazzy app with lots of features?

Once you've worked out what it is you want, the internet is full of comparison sites that will show you who offers what. Moneysupermarket.com is a particularly popular one.

What are banks allowed to do with people's money?

Banks can do all kinds of things with your money, from lending it on to other people to investing in UK government bonds. For the most part, what they do with it doesn't matter to you. The first £85,000 of your money is covered by a government guarantee, so even if your bank goes bust, you still get it back. That amount will soon be higher. If you're lucky enough to have more than £85,000, spread it across a few different banks so that it will all be guaranteed.

Can I open more than one bank account?

Yes, you can open as many current accounts as you'd like, but this is usually limited to around 4 per bank, however you can only have one ISA per tax year.

Are there any reasons why a bank won't open an account for someone?

Yes, but it's rare. If you've just moved to the UK, or you haven't had bills in your own name before, that can make it harder for the bank to verify your address, and your identity. People with a history of unpaid bills, overdrafts and county court judgments can have a hard time opening traditional bank accounts. Lots of banks will offer a 'basic bank account' as an alternative, those have more restrictions than current accounts, but they are a good starting point.

What if a person doesn't have a fixed address or is in temporary accommodation when applying for a bank account?

In order to fully verify your identity, most banks will need proof of a fixed address. However, there are schemes offered by some (not all) banks for people with no fixed address. For example, if you're getting housing advice or support from local charities/organisations, they can confirm your identity. Most homeless charities and housing organisations will be able to direct you to the banks that support these schemes.

What is cashback?

Cashback means you get back some of what you've just spent, as a reward for using a particular card or bank.

What details should I avoid sharing with others?

Never share your online log in details with anyone, ever. If your bank calls and asks you for these, it is probably a fraud. Always ask them for an official number you can call them back on. Be careful about sharing your full card details, you'll have to use them to pay for things online sometimes, and give them over the phone for bookings. If it's over the phone, make sure you're not in a public place where you can be overheard.

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How easy is it/ how long does it take to switch current accounts?

A full switch will usually take up to 7 working days, and all of your details and payments from the old account will be transferred over as long as your bank is part of the UK switching scheme. If your bank isn't part of the switching scheme, you'll have to cancel your direct debits and standing orders and set them up again. You can find out which banks are in the switching scheme by clicking on this [link](#).

If a person switches current account, will this affect their ability to open an account with that bank in the future?

No, people move around all the time and they're encouraged to move by offers from the banks. If you're moving back to a bank you've already been with, you might not qualify for their new opening deals. Check the small print.

What is the current account switch guarantee?

The switch between banks will be done within seven working days. It applies to around fifty banks who have signed up to the scheme.

What is the difference between a direct debit and a standing order?

You set up a standing order as an instruction for your bank to pay something. A company you buy something from sets up a direct debit where they request payment from the bank for something. The amount of a direct debit can vary from month to month, depending on how much the bill is. A standing order is always for the same amount.

What happens if a person spends money that was sent to them in error?

Legally, if you're sent money by accident, it's not your money and if you spend it you have to pay it back. If it's a genuine mistake, and you don't have the money any more, banks will usually work with you on a payment plan.

What happens if an unauthorised transaction happens on a person's bank account?

You can report this to your bank and a fraud report can be made and the bank will investigate.

What apps are available to round up transactions to help saving?

Autosaving apps. These are apps that will help you save money by identifying places where you can save and help to facilitate those savings. Some banks also offer it in their own apps, ie digital bank Chase UK.

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What is meant by the term interest?

Interest is the money you are paid by the bank for money you've given them, or the amount a bank charges you for money you've borrowed. It's expressed as a percentage of the original amount.

How often will a person receive a credit card bill?

The actual bill comes every month (either online or by post, whichever you select). You can see your spending in your online account in real time

Is credit card interest fixed or variable?

They can be both, however the majority will be variable.

Can anyone have a credit card/ what would prevent a person from being able to have a credit card?

To get a UK credit card, you need to be over 18 years old and living in the UK. You'll also usually need some kind of income (which you can prove). This helps a service provider to establish your ability to repay what you borrow. If you have a record of overdue or unpaid bills, that can result in a bad credit score which can make it harder to get a traditional credit card. But it's not over - there are credit cards marketed to people like this (more [here](#)) to help them build their credit scores back up. These cards typically have higher interest rates and lower limits. The idea is to use them for a short time, until you can get a regular credit card.

How can having a credit card affect a person's credit score?

If you pay your credit card in full and on time every month, that will be a great help to your credit score. Paying off the minimum amount every month (rather than everything) will build your credit score as well, just not as quickly. If you don't pay the minimum amount, that will hurt your credit score.

How can you improve your credit score?

You can do this by having your salary paid into your current account. Make sure you pay any credit or store card back on time. Have direct debits set up on your current account and make sure There is always enough money in your account to pay these

What other benefits are available with a credit card?

Benefits may include: air miles, cashback, exclusive discounts/rewards, travel insurance, airport lounge access, online purchase protection.

What is a credit limit?

A credit limit is the maximum amount that you're allowed to borrow with your credit card.

What are the costs of borrowing money?

You agree to pay interest when you borrow the money. You'll pay extra fees (sometimes called penalties) if you miss a payment.