

Know your rights 1-2-3

1 Keep
evidence

2 Always ask
questions

3 Don't be
put off

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Bank accounts Know your rights

Having a problem with your bank or
building society? This guide explains
your rights and how to use them.

Bank accounts

Know your rights



- 4** Introduction

- 4** Know your rights 1-2-3

- 5** Your bank account checklist

- 6** Your rights when opening an account

- 8** Your rights when moving an account

- 10** Your rights when managing your account

- 12** Your rights when making and receiving payments

- 16** Solving banking problems

- 19** How to complain

- 20** Need-to-know banking terms

- 21** Useful contacts

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In some cases banks must meet high level rules, and guidance has been issued illustrating ways (but not the only ways) to comply with those high level rules. Where this guide is referring to such guidance, we say that banks 'should' rather than 'must' do things. Banks may be meeting the high level rules in other ways.

This is a complex area, and while this guide covers the vast majority of situations, there may be some issues where exceptions apply. If this is the case, your bank should be able to explain why.

This guide provides general information only for consumers of UK financial services and does not take account of individual circumstances. We always try to ensure that the information is accurate prior to publication. It is necessary from time to time to amend and or update the information, for example because of changes in the law. Please always check the current position before you take action and refer back to the online version for the most recent publication.

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This guide is available in Welsh language, Braille, large print or audio format upon request.

Introduction

Millions of us use banks and building societies each day without anything going wrong. However, when problems do arise it is easy to feel you don't know enough to challenge your bank or building society.

This guide explains your rights and how to use them, especially if you have a problem with:

- opening a new account;
- switching an account;
- making or receiving payments;
- understanding changes to the terms of your account; or
- fraud on your account.

Where we use 'bank' in this guide, it covers both banks and building societies, as the same rules apply to both.

Know your rights 1-2-3

1 Keep evidence

Hold onto records of all transactions and contact with your bank or building society. That way, if anything goes wrong you can back up your case with written proof.

2 Always ask questions

Not sure why money has gone into or out of your bank account? Wondering why the interest rate on your account has dropped?

Issues like these are common, so don't be afraid to ask questions of your bank or building society every step of the way.

3 Don't be put off

If the person you are speaking to cannot help, ask to speak to a manager.

You can make a complaint if you are not happy with the way your bank deals with your query. If you are not satisfied with their response you have the right to complain to the Financial Ombudsman Service. See Useful contacts on p21 for details.

Your bank account checklist

When opening an account you should ask yourself the following:

✓ What charges or fees (if any) will there be?

All charges and fees for the normal running of the account must be detailed – it isn't good enough for your bank to refer you to a website or posters in the branch.

✓ How much interest (if any) will my money earn?

A bank must tell you the rate of interest on your account, and how and when it will be calculated.

✓ How can I make a payment to or from my account?

A bank must be clear about what you have to do to authorise a payment. This might be a signature, online authorisation or PIN (personal identification number).

✓ What are the ways I can make a payment?

A bank can enable you to make payments out of your account through a card, internet banking and telephone banking. These are known as payment instruments and a bank must explain how to use them and keep them secure.

✓ How can I keep track of money going into and out of my account?

Your bank is required to give you details of transactions. Depending on the account type you should be able to monitor your account with one or more of a passbook, monthly statement, internet banking or telephone banking.

✓ Which banking group is my account with?

The Financial Services Compensation Scheme protects deposits of up to £50,000 per bank. Banks can have several brand names operating under the same company, so ask which banking group you are dealing with and check it is authorised. This information can also be found on the FSA website.

✓ How do I complain, and where can I go if I'm not satisfied?

A bank must tell you its own complaints procedure but there are some steps you should follow – see page 19 for full details.

Your rights when opening an account

Problems can arise when trying to open a bank account, such as when a bank won't accept the identification you provide. Here we explain your rights and how to use them.



What identification should I provide?

When you apply to open an account with a bank or building society, they are legally required to check you are who you say you are, so will ask you for proof of ID.

You should be told what ID you need to open an account, such as a passport. If you can't provide any of the usual types of ID, the banking industry's own guidance includes a list of alternative documents banks can consider, and we have set out some of these opposite.

Did you know?

If your bank or building society wants to make a material change to the terms and conditions on your account which would be to your disadvantage, it must tell you before the change takes effect.

REMEMBER – if you are not happy with these new terms, you can move your account (see *Your rights when moving an account on p8*)

A bank needs to satisfy itself that it has met its legal obligations, so it does not have to accept these alternatives, but if they won't you should ask them to explain why.

If you are not satisfied with their response you have the right to complain to the Financial Ombudsman Service. See Useful contacts on p21 for details.



Why is my financial history being checked?

A bank or building society may need to check your financial history to see your record of borrowing and repaying money. This is known as a credit report and also shows what other accounts you have.

In some cases too many checks with a credit reference agency can damage your credit rating, so ask the bank whether it will be making a check as part of the application process.

Know your rights!

Your bank must give you the main details of how your account will work (the terms and conditions). But if you are unsure about any of them, ask your bank for further explanation.

Other ways to prove your identity if you are...

a benefit claimant

Entitlement letter or Identity Confirmation issued by the government or a local authority.

in a care home, sheltered accommodation or refuge

Letter from care home manager or warden of sheltered accommodation or refuge.

a homeless person

Letter from the warden of a homeless shelter or employer if you are in work.

on probation

Letter from probation officer or a hostel manager.

a prisoner

Letter from the governor of the prison.

an international student

Passport or European Economic Area National Identity Card AND letter of acceptance or letter of introduction from an institution on the Department for Education and Standards list.

an asylum seeker

Immigration and Nationality Directorate application registration card.

a traveller

The local authority, which has to register travellers' sites, may be able to verify an address for you.

Your rights when moving an account

Switching your account to another bank or building society should be simple and efficient. Find out your rights if you run into difficulties.

Banks have signed up to make the process of moving an account as easy as possible.

In addition, our rules say that if you want to move your account to another bank, both your old and new banks must provide a prompt and efficient service.



How long will it take to move my current account?

Under the guidance that the banking industry has issued, switching a current account to another bank or building society should be simple, completed within ten days, and your new bank will do most of the work for you.

Once your application for a new account is approved, if you wish to transfer direct debits and standing

orders to the new bank account, the guidance says your new bank should ask your old bank for details of these within three working days

Your old bank should then provide this information to your new bank within three working days from receiving the request

The banks will agree a date for the balance to be transferred – but should not charge you for doing so.

Your new account should be ready for use within ten working days of the application being approved.

Your new account should be ready for use within ten working days of the application being approved

Know your rights!

If the switch is not done within ten working days of the date the application is approved, ask your new bank to chase it up for you. If you are not satisfied with their response you have the right to complain to the Financial Ombudsman Service. See Useful contacts on p21 for details.



Does it take longer to move a cash ISA?

A cash ISA is an individual savings account that allows you to save money without being taxed on the interest earned.

The steps for moving a cash ISA are a little trickier to protect their tax-free status – make sure you tell your bank or building society that you want to move your cash ISA – rather than close the account – or you will lose the tax-free status on interest earned.

Your new bank should send a transfer request to your old bank within nine working days. Your old bank should then send a cheque for the balance to your new bank within 20 working days. The transfer of your cash ISA should therefore be completed within 24 working days. The process is set out on the industry's own website [here](#).

Did you know?

Banks have promised to reduce the time taken to transfer a cash ISA to 15 working days from 1 January 2011.

They have also stated that interest will then start to be earned no later than two days after the funds have been received from the old bank.

Your rights when managing your account

Your bank can change the interest rate and overdraft limit on your account. Find out what notice you need to be given and what your rights are if these are altered.



What are the different types of account?

The **type** of bank account you have can affect the information banks and building societies have to provide about interest rates.

There are accounts used for regularly making and receiving payments, such as current accounts, card-based accounts and some instant-access savings accounts. There are also other accounts for savings, such as savings accounts with a notice period and cash ISAs.

Check with your bank if you are not sure what type of account you have.

Did you know?

If your notice period savings account or cash ISA has a bonus interest rate for six months or more, and it has a balance of at least £500, the bank should send you a reminder in good time before the introductory period ends.



Will my bank tell me if it drops the rate of interest on my account?

If your bank wants to reduce the rate of interest it pays you on credit balances on a current account, a card-based account or (in some cases) an instant-access savings account, it generally has to tell you two months before it does.

The exception to this rule is if the interest rate on your account is linked to an official rate – such as the Bank of England bank rate – and it moves automatically in line with any change in that rate. This is sometimes known as a ‘tracker rate’.

For other savings accounts, such as those with a notice period or cash ISAs, a bank should give you reasonable notice that it proposes to make a material reduction to the interest rate.

Know your rights!

If the interest rate you are being paid is reduced without warning you should contact your bank. If you are not satisfied with their response you have the right to complain to the Financial Ombudsman Service.

See Useful contacts on p21 for details.



A reduction would be ‘material’ if the balance of your account is £500 or more and the interest rate falls by at least 0.25%

A reduction would be ‘material’ if the balance of your account is £500 or more and the interest rate falls by at least 0.25% at one time or by 0.5% or more over the previous 12 months.

This should give you enough time to move your money to another account, without penalty, if you are not happy with the reduced rate.

If the interest rate your bank is paying you rises, your bank can make the change immediately.



What if my bank reduces the overdraft on my account?

Overdrafts are regulated under the Consumer Credit Act 1974, which is enforced by the Office of Fair Trading and local authority trading standards services.

You can get more information about this from the Consumer Direct website www.consumerdirect.gov.uk

Your rights when making and receiving payments

Find out your rights when payments are being made to and from your bank account, and how long it should take to receive money or pay it out.

Your bank or building society must make the following details available to you for every payment into and out of your account:

- the date of the transaction;
- the amount of the transaction;
- where appropriate, information about who it was to or from; and
- a reference so you can identify the payment.

In the vast majority of cases this will be done through a passbook, monthly statement or internet banking.

🗨️ Your bank must start paying interest on the same business day as it receives the funds 🗨️



How long should it take for money to arrive in my account?

If you have a current account, card-based account or instant-access savings account and an electronic payment has been made to your account (for example by CHAPS, Bacs or Faster Payments systems), or you have paid cash over the counter or transferred money between accounts with the same bank, the funds must be made available to you and start earning interest as soon as the bank receives them.

For a savings account with a notice period or a Cash ISA, the funds do not have to be made available immediately, but the bank must start paying interest on the same business day as it receives the funds.

The full amount of the payment must be credited to your account, unless your bank has agreed with you that charges can be deducted first.

Know your rights!

Be warned that a bank can agree with you in the terms and conditions that a payment from your account to another bank can take up to three working days. If there is no such agreement, and for all payments from 1 January 2012, your bank must get the money to a payee's bank by the end of the next working day.

Cheque 2-4-6

When you deposit a cheque into a current account, think **2-4-6**. If you deposit a cheque into a savings account, think **2-6-6**.

- 2** Interest will be paid after two working days;
- 4** You can withdraw the money from a current account after four working days; and
- 6** You can withdraw the money from a savings account after six working days (depending upon the terms of the account). For both a current and savings account, the money will now be guaranteed and the bank cannot take the amount of the cheque out of your account, even if it is returned unpaid, unless you have acted fraudulently.

These are minimum standards, and some banks will offer better terms. Check with your bank what their rules are.

Know your rights!

If you have contacted your bank in time, and a payment is made after you have told them that you wish to stop it being taken from your account it will be deemed to be an unauthorised transaction, and your bank must give you an immediate refund.



What is the maximum time it takes for a payment from my account to get to the payee's account?

The way you pay can affect how long it will take for your money to reach its destination. However, your bank must tell you the maximum time it will take to make a payment.

If a payment does not arrive in your account or the payee's account in the time expected, ask your bank or building society to explain what has gone wrong.

You are guaranteed a full and immediate refund if the company or individual, or your bank, makes an error



How can I stop a payment?

There may be times when you want to stop a payment that you set up to be made from your account. The rules for doing this vary depending on how you planned to make the payment.



Cancel a direct debit – A direct debit is an arrangement where you give a company or individual (known as the 'originator', see Need-to-know terms on p20) permission to take money from your account on a regular basis.

Under the Direct Debit Guarantee Scheme, the company or individual taking the payment (the originator) must tell you in advance if there is a change in the amount or date of the payment. You are guaranteed a full and immediate refund if the company or individual, or your bank, makes an error.

You can cancel a direct debit by writing to your bank or on your internet or telephone banking service. It is a good idea to also notify the company or individual.



Cancel a standing order – A standing order is an instruction from you to your bank to pay a set amount to another account on a regular basis.

You can instruct the bank to cancel a standing order by writing to your bank or on your internet or telephone banking service, but if you want to cancel the next payment you must tell the bank before close of business the previous working day.



Stop a cheque – If a cheque has not been paid you can stop it by writing to your bank, or on your internet or telephone banking service.

The one exception to this is if you have guaranteed the cheque by using your cheque guarantee card.



Cancel a regular payment – When you give your credit or debit card details to a company and authorise them to take regular payments from your account, such as for a gym membership or magazine subscription, it is known as a 'recurring transaction' or 'continuous payment authority'.

These are often confused with direct debits, but do not offer the same guarantee if the amount or date of the payment changes.

To cancel a regular payment you must tell the company taking the payments, preferably in writing, and copy this to your bank or card issuer, so they can see that you have withdrawn the authority of the company to take any further payments. If you do this and money is still taken from your account, it will be deemed to be an unauthorised transaction, and your bank must give you an immediate refund.

Solving banking problems

Money taken from your account that you didn't authorise? The wrong amount debited? Find out your rights and how to use them for some common banking complaints.

What should I do about a payment out of my account that I didn't make?

Money can only be taken from your account if you have authorised the transaction or your bank can prove the unauthorised payment happened because you were at fault.

Your bank must refund an unauthorised transaction immediately (unless your bank has evidence to suggest that you authorised the payment or were at fault – see below).

Contact your bank as soon as you notice a payment out of your account

that you did not authorise. If you are sure that you did not authorise the payment you can claim a refund.

However, if you tell your bank 13 months or more after the date the payment came out of your account, they do not have to make the refund.

Your bank may ask you to answer some questions and fill out a form confirming what has happened, but it cannot delay your refund until you return the form.

 **Your bank must refund an unauthorised transaction immediately** 

Know your responsibilities!

When you receive a debit or credit card, or sign up for internet or telephone banking, you should be told what you have to do to keep your details secure.

It is important that you protect the personal information on how to access your account, such as your password or PIN.

Your bank or card issuer must also tell you how to notify it – which you should do as soon as possible – if your card is lost or stolen, or you think someone else knows your password or PIN.

Deliberately making a false claim that a transaction is unauthorised is fraud and a bank or building society is entitled to report such claims to the police.

Know your rights!

If your bank has to refund the amount of an unauthorised transaction, it must also refund any charges or interest you have to pay because of the unauthorised transaction.

Why won't my bank refund me immediately?

Your bank or building society must always refund you unless:

- it can prove you authorised the transaction. But a bank cannot simply say that use of your password, card and PIN conclusively proves that you authorised a payment; or
- it can prove you are at fault because you acted fraudulently or failed to protect the details of your card, PIN or password in a way that allowed the transaction to be made.

The refund must be made immediately, unless the bank has evidence to suggest that one of the above applies. If so, the bank may investigate the case before making a refund, but must do so as quickly as possible. If your claim for a refund is rejected, your bank should explain the reasons for this to you.

If the transaction was on a credit card, the refund may not happen immediately, but the card issuer cannot charge interest or ask for repayment of the amount unless or until it can prove that you are liable to pay.

Can my bank make me pay for being careless with my details?

You may be liable up to a maximum of £50 if your card has been lost or stolen or your bank or building society can show that you have failed to keep the details of your password or PIN safe. If it can show that you have been 'grossly negligent', you will be liable for the whole amount.

However, you will not be liable for any unauthorised transactions after you have notified the bank or card issuer of the loss, theft or unauthorised use of your card or password – unless they can prove that you acted fraudulently.

Help! My bank has paid out the wrong amount

If your bank sends more or less money than you asked it to then it must correct the error and refund you for any charges or interest that you had to pay as a result of its mistake.

Make sure you provide evidence of the charges and interest you paid because of the error.

A payment has been made to the wrong account, what should I do?

Payments are made in the UK using a sorting code and account number.

If you provide the wrong sorting code or account number, your bank must make a reasonable effort to recover the money (and a charge by the bank may be agreed for this recovery). However, it will not be liable for any losses you suffer.

If your bank made the mistake and sent money to the wrong account it must refund the amount of the payment to your account and also refund you for any charges or interest you pay as a result.

Why is my bank refusing to make a payment?

Your bank or building society can only refuse to make a payment if you do not have enough money in the account or you have not met the conditions set out in the terms and conditions, such as providing two signatures on a joint account, or if making the payment would be unlawful.

If your bank refuses to make a payment (such as by 'bouncing' a direct debit) it must generally tell you at the earliest opportunity that it is doing so and, if possible, explain the reason for the refusal (and the bank may provide for a charge for this where the refusal is reasonably justified).

The wrong amount has been debited, what should I do?

In some situations, such as when booking a hotel room or hiring a car, you may be asked to provide your card details without agreeing the amount to be debited.

If the amount eventually charged is more than you could reasonably have expected to pay then your bank must refund you the entire amount or tell you its reasons for not doing so.

If you wish to claim a refund, you must contact your bank or building society within eight weeks of the amount being taken from your account.

If the bank does refund you it will reclaim the money from the company that charged you, and that company is likely to ask you for payment in some other way.

Why else would my bank take money out of my account?

In certain circumstances, a bank or building society can claim money from your account to pay off a separate debt under their right to 'set-off'. This can happen if you miss repayments on a loan and you also have a current or savings account with the bank.

Banks have a legal right to do this, and do not have to explain this in the terms and conditions of your account. However, the bank should:

- try to contact you to discuss your options;
- explain clearly that this process to set-off may be used and what it will mean;
- make sure you are left with enough money to meet your day-to-day living expenses;
- tell you when set-off has been used for the first time; and
- if you are in financial difficulty, treat you fairly, sympathetically and positively.

How to complain

We have explained what your rights are in certain situations and how you should approach your bank or building society. But you also have the right to complain.

Make it clear to your bank that you are making a formal complaint, rather than just making an enquiry, and explain what it is you are complaining about. It is a good idea to complain in writing and to keep a copy, making sure you note the date you sent it.

Your bank must acknowledge receipt of the complaint in writing and must make sure that you are kept informed. However it then has eight weeks to formally respond to your complaint. It must tell you whether your complaint was successful or not, or explain that they cannot give an answer within the eight-week period, and that you can refer the complaint to the Financial Ombudsman Service.

If you get a final response you are not satisfied with, or your bank does not answer within the eight weeks, you can refer the complaint to the Financial Ombudsman Service. This is an independent dispute resolution service.

More details are available from the Financial Ombudsman Service. See Useful contacts on p21.



Bouncing

Where a bank or building society refuses a payment you tried to make. If it does this it must tell you as soon as possible, including the reason for the refusal.

Credit report

The financial history check a bank does to see what your past record of borrowing and repaying money is.

Originator

A company or individual you permit to take money from your account on a regular basis, such as with direct debit payments.

Set-off

When your bank or building society takes money out of your account to pay off an outstanding debt.

Terms and conditions

Contains the details of the rights and obligations of you and your bank.

Tracker rate

Interest rate that is linked to another official rate – such as the Bank of England bank rate – and moves in line with any change in that rate.

Unauthorised transaction

A payment made on your account which you did not give consent to be made.



Financial Services Authority (FSA)

We regulate financial services firms in the UK, including banks and building societies to help protect your money and explain your options.

t: 0845 606 1234

www.fsa.gov.uk

Moneymadeclear

Impartial information and tools from the Consumer Financial Education Body (CFEB) to help you manage your money better, such as on basic bank accounts and credit cards.

www.moneymadeclear.org.uk

Financial Ombudsman Service

The ombudsman service can resolve disputes between consumers and financial firms.

t: 0800 023 4567

www.financial-ombudsman.org.uk

Financial Services Compensation Scheme (FSCS)

Covers customers of authorised financial services firms.

t: 020 7892 7300 or 0800 678 1100

www.fscs.org.uk

Office of Fair Trading (OFT)

Protects consumer interests, while ensuring that businesses are fair and competitive.

t: 08457 22 44 99

www.offt.gov.uk

Consumer Direct

For advice and complaints about credit cards and other financial products.

t: 0845 404 05 06

www.consumerdirect.gov.uk

Want to keep in the know? This guide will be updated

regularly, so check back to make sure you know your rights.