

# International students



Opening a UK bank account

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## Welcome

This leaflet is for international students. It tells you all you need to know about opening a bank account in the UK. Answering everything from 'How do I choose which bank is best for me?' and 'What is the best way to bring money with me into the UK?' to 'Can I open an account based on Sharia principles?' this guide gives you all the information you need.

The glossary below will help you understand some of the terms used in this guide.

## Banking terms explained

**Automated Credit Transfer:** a direct payment into your bank account, instead of by cash or cheque to you.

**Direct debit:** a payment out of a bank account which is arranged by the organisation which receives the money with the express agreement of the account holder.

**ID:** identity.

**Standing order:** an instruction by a bank's customer to the bank, to pay an amount of money regularly to another account.

## I am a student from outside the UK and I am about to start studying at a UK university/college/school. How do I choose which bank is best for me?

You should be able to open a 'basic bank account' with a number of different banks. A 'basic bank account' provides easy access to banking facilities for adults in the UK. Additionally, some banks offer a bank account tailored specifically for your needs as an international student. There is a table on pages 6 & 7 of this leaflet that has a list of basic accounts and other accounts that may be suitable along with brief descriptions of some of their features.

Most banks don't ask you to pay in any money to open a basic account. You should look around to see which bank and account suit you best and then visit the local branch of the bank you have chosen. You may also be able to get other types of account, as detailed in the next section. Please speak to a bank.

## **What is a 'basic bank account' and what other types of account may be available?**

A basic bank account is an account offering basic banking services. You can use it to pay in and take out money, but you cannot get credit. If you need credit you should speak to a bank about opening a 'current account' or what else may be made available to you. There may be different application procedures for opening current accounts. There are also other types of account where the bank asks you to keep a minimum balance. This allows the bank to offer you a wider range of products and services. Some banks also offer student accounts. Speak to a bank for more information.

## **Once I have chosen an account, how do I open it?**

You will need to visit the local branch of the bank you have chosen and take with you documents that show who you are. Please check with your chosen bank what they require, but usually you need to provide the following as a minimum:

- your passport with student visa, if that is appropriate OR
- your national photo ID card, if you are from an EU country

AND

- the letter from your university/college/school confirming your UK study details OR
- a 'Letter of Introduction for UK Banking Facilities' which your university/college/school will complete to show your UK study details.

If you want to open an online or a telephone account, the bank may need to see more documents to prove your ID. Bank staff will be able to tell you what documents they accept in these circumstances.

Once you have opened a bank account in the UK, always let your bank know in writing and as soon as possible if you change your address.

## Why do all banks require proof of ID?

UK laws say that all financial services companies must do everything they can to make sure their services are not used for financial crime. Because of this, banks must prevent accounts from being opened in false identities. They must ask anyone who wants to open or operate an account for documents to prove their identity. The fact that these checks are carried out does not mean that the bank thinks you are a criminal! The law says that banks must check everyone.

If you have any difficulties providing the necessary documents, ask bank staff if you can speak to the person in the bank who is authorised to decide in exceptional cases.

## What services can I get with an account?

With a basic bank account:

- You can have money paid directly into your account.
- You can take your money out at a cash machine.
- You can take your money out at a Post Office.
- You can pay bills by standing order or direct debit.
- You may be able to make purchases online or in shops (check with the bank).
- You cannot get credit or an overdraft.

With other accounts:

- You can have money paid directly into your account.
- You can take your money out at a cash machine.
- You can pay bills by standing order or direct debit.
- You can make purchases on-line or in shops.
- You may get additional features and benefits that are relevant and beneficial to you (fees might apply).

The table on pages 6 & 7 of this leaflet gives further information.

Bank name and any special name for the account	Minimum age to open an account	Minimum amount to open an account	Free buffer zone <sup>1</sup>	Direct debits and standing orders <sup>2</sup>	Charge for unpaid direct debit <sup>2</sup>	Charge for unpaid standing order <sup>2</sup>	Debit card (Electron, Maestro, Solo or Visa)	If any of the following applies to you, your application may be declined
<b>Bank of Ireland: Basic Cash Account</b> (only available in Northern Ireland)	16	None	No	Yes	£42 <sup>4</sup>	£42	No	Undischarged bankrupt, record of fraud
<b>Bank of Scotland: Easycash</b>	16	None	£10	Yes	£15	£15	Yes	Undischarged bankrupt, record of fraud
<b>Barclays: iBank Student</b>	18	£1,000 (or USD/EUR equivalent)	£10	Yes for £ account only	£8	£8	Yes	Record of fraud
<b>Barclays: Cash Card Account</b>	18 <sup>3</sup>	None	No	Yes	£8	£8	Yes	Record of fraud
<b>Clydesdale: Readycash</b>	16	None	No	Yes	£35	£35	Yes	Undischarged bankrupt, record of fraud
<b>The Co-operative Bank: Cashminder</b>	16	None	No	Yes	£19.50 <sup>4</sup>	£19.50	Visa	Record of fraud
<b>First Trust Bank: Basic Bank Account</b>	16	None	£9.99	Direct debits only	£35	No standing orders	No	Undischarged bankrupt, record of fraud, record of bad debts
<b>Halifax: Easycash</b>	16	None	£10	Yes	£15	£15	Yes	Undischarged bankrupt, record of fraud
<b>HSBC: Basic Bank Account</b>	18	None	£10	Yes	No <sup>5</sup>	No	No	Undischarged bankrupt, record of fraud
<b>HSBC: Passport Account</b>	16	None	£10	Yes	No	No	Yes	Undischarged bankrupt, record of fraud
<b>Lloyds TSB: Classic Account</b>	18	None	No	Yes	£20 (max 3 per day) <sup>6</sup>	£20 (max 3 per day) <sup>6</sup>	Yes	Undischarged bankrupt, record of fraud
<b>Nationwide Building Society: Cash Card Account</b>	18	None	No	Yes	£30	£30	Visa Debit	Undischarged bankrupt, record of fraud
<b>NatWest: Step Account</b>	16	None	No	Yes	£5 <sup>7</sup>	£5 <sup>7</sup>	Solo	Undischarged bankrupt, record of fraud
<b>Northern Bank: Northern Personal Access</b>	14	None	No	Yes	No	No	Yes (under 18s require parental consent)	Undischarged bankrupt, record of fraud, record of bad debts
<b>Santander: International Student Account</b>	18	None	No	Yes	£5 - £35 (check with bank)	£5 - £35 (check with bank)	Yes	Undischarged bankrupt, record of fraud
<b>The Royal Bank of Scotland: Key Account</b>	16	None	No	Yes	£5 <sup>7</sup>	£5 <sup>7</sup>	Solo	Undischarged bankrupt, record of fraud
<b>Ulster Bank: Step Account</b>	16	None	No	Yes	£10	£10	Yes	Undischarged bankrupt, record of fraud
<b>Yorkshire Bank: Readycash</b>	16	None	No	Yes	£35	£35	Yes	Undischarged bankrupt, record of fraud

## Footnotes relating to the table on pages 6 & 7

- 1 A free temporary overdraft, so you can take money from a cash machine even if there is less than £10 in your account.
- 2 Correct at time of publishing but you should check with the bank.
- 3 16- and 17-year-olds can open a similar account.
- 4 The account may be closed if a direct debit is refused three times. You should refer to the bank's terms and conditions for full information.
- 5 A direct debit may be cancelled if refused three times.
- 6 £20 (maximum three per day) but £10 from 2nd December 2010.
- 7 £5 per item, maximum ten items in any charging period.

## Where can I open an account?

You can go to any of the banks listed on pages 6 & 7. You can also talk to the banks about other accounts they offer to international students.

All these accounts accept Automated Credit Transfer (ACT) payments and provide a cash-machine card. None of them offer a cheque book.

## What is the best way to bring money with me into the UK?

If you want to bring money into the UK with you, a convenient method is to ask your bank in your country to give you a cheque in sterling (UK pounds) drawn on a London bank. Alternatively, you can transfer money from home after opening the account. Please read the next section for details.

It is important that you take with you the necessary documents to be able to open an account.

Once you have paid in a cheque, the clearing process will take six working days as follows:

- Day 0 – When your bank or building society receives the cheque from you.
- Day 2 – You start to earn interest on the money paid in (or reduce the balance on which overdraft interest

is charged), if your account offers these features.

- Day 4 – You can withdraw the money but this does not mean that the cheque has cleared for sure.
- Day 6 – You can be sure that the money is yours by the end of day 6 and that it will not be reclaimed from your bank account (unless you are a knowing party to fraud).

This is the maximum that it will take for a cheque to clear. Individual banks may offer a quicker clearing time to customers.

## **Can my family or employer pay money into this account from abroad?**

Yes, they can.\* When you open the account the bank may ask you who you think will normally pay money into your account, and where they are located. You should make sure that you provide the correct account information to whoever is paying into your account: for cross-border payments, your International Bank Account Number (IBAN) and your Bank Identifier Code (BIC) will be required. Your bank will be able to give you these codes. It can also tell you how long it will normally take for a payment to arrive in your account.

There could also be a charge and delay if the payment is not in UK pounds sterling. There may be a charge for accepting payments into your account from another country. The foreign bank, or their agents, may also charge for sending the payment.

## **How can I manage my money?**

Your bank will send you statements regularly. If you need to see how much money is in your account, you can also check your account balance and sometimes get a mini-statement from your bank's cash machine. Some banks provide telephone and internet banking services. Ask your bank for more details of how to get and use these services.

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\* If your parents live in a country which is subject to sanctions and export controls, your bank might refuse the payment. Please check the UK Foreign Office's web pages on sanctions at <http://www.fco.gov.uk/en/about-us/what-we-do/services-we-deliver/business-services/export-controls-sanctions/>

## **Can I make large payments such as my college fees or my monthly rent?**

Yes, you can. If you have enough money in your account, you can use direct debits and standing orders for regular payments. You can use electronic transfer for large, single payments. The Faster Payments service introduced in the UK in 2008 allows same-day payments for transfers via phone, internet or standing order. Not all banks are offering this service at the current time. Therefore, some electronic transfers can take three or four days. Talk to your bank for details.

Basic bank accounts do not offer cheque books, but this should not be a problem – there are many other payment methods you can use.

## **Will I pay for the services I use?**

Most basic account services are free. You will pay nothing for using most cash machines in the UK. Your bank may charge you if you don't have enough money in your account when a direct debit payment you have instructed is due (and the direct debit payment is refused as a result). Accounts tailored specifically for international students may incur a monthly charge. Speak to the bank for details.

## **Will I pay tax on any interest on my account?**

You might be able to prevent tax being deducted from your interest – ask your bank or building society for form R105 when you open your bank account. Form R105 can be downloaded from:

<http://www.hmrc.gov.uk/cnr/r105dat.pdf>

## **Can I open an account based on Sharia principles?**

If you want an account based on Sharia principles, check banks' websites and publicity materials. Some mainstream banks offer accounts and services that meet these principles and there are also a few specialist banks that operate in accordance with them.

## Can I borrow money?

Most accounts listed do not allow you to borrow money. However, if you would like a loan, an overdraft or any other type of credit, then you should talk to a bank to get help and advice on the best ways of doing this.

## Where can I go for further help?

- Your university/school/college's advice or welfare office or your student union advice service.
- If you are an international student who is sponsored, you should contact the representative of your sponsor in the UK.
- UKCISA, the Council for International Education. Advice line: Monday to Friday, 1.00-4.00 pm, telephone 020 7107 9922, [www.ukcisa.org.uk](http://www.ukcisa.org.uk).
- Your local Citizens Advice Bureau (see the telephone directory or type in your postcode at the Citizens Advice website – [www.citizensadvice.org.uk](http://www.citizensadvice.org.uk) – for your nearest bureau).
- The British Council. If you are a student managed by the British Council, you should contact your local office as explained in your briefing pack.
- The Consumer Financial Education Body (CFEB) leaflet on Basic Bank Accounts at [www.moneymadeclear.org.uk/publications](http://www.moneymadeclear.org.uk/publications); and CFEB website giving impartial financial information for young adults at [www.whataboutmoney.info](http://www.whataboutmoney.info)

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