

REVISED BASIC BANK ACCOUNT AGREEMENT

Summary

- The main providers of Basic Bank Accounts are keen to change their basic bank account products to:
 - Support the financial inclusion agenda by offering a product that helps the less affluent and more vulnerable in society,
 - Align with HM Government's public policy objectives, and
 - Rebuild trust and confidence in the sector.
- We recognise that the legal requirements in the Payment Accounts Directive (PAD) will affect the delivery of revised basic bank accounts in future. The main providers of Basic Bank Accounts are prepared to make the commitments set out in this Agreement to address the financial inclusion agenda, separately from the implementation of the Directive.
- The commitments in this Agreement are based around the core requirements for:
 - Eligibility,
 - Standard Features,
 - Opening/refusal (when an account will not be provided),
 - Upgrading,
 - Closing, and
 - Review.
- There is an appendix to the Agreement, covering definitions.

Eligibility

- From 12 months after making the commitments in this Agreement, a basic bank account will be provided to consumers who meet the following financial inclusion criteria:
 - Unbanked customers who are ineligible for a full-service account,
 - Customers banked elsewhere who want to switch providers and are ineligible for a full-service account,
 - Banked customers in financial difficulty who require an additional account but are ineligible for a full-service account (regardless of whether their existing account is with the Bank or another provider).

Standard features

- A Basic Bank Account will provide the following payment features:
 - Counter access:
 - the deposit of funds and withdrawal of cash over the counter at any and all retail branches of the Bank (with cashiering facilities) on the same terms as other Personal Current Accounts that the Bank provides, and
 - withdrawals of cash and deposits at Post Office counters on the same terms as other Personal Current Accounts that the Bank provides,
 - ATM access within the LINK network;
 - Direct Debits and Standing Orders;
 - Payment Card payments (including online).
- An arranged overdraft will not be available on a Basic Bank Account.

- The bank will minimise the opportunity for unarranged overdrafts (e.g. ATM cash withdrawals where restricted by note denominations, off-line debit card transactions or a late-returned cheque).

Distribution

- A Basic Bank Account will be:
 - Visible to potential customers alongside full-service accounts,
 - Made available across all distribution channels normally used by the provider in line with their national reach.

Fees and charges

- The structure set out by HM Treasury and committed to by the main providers of Basic Bank Accounts is as follows:
 - A Basic Bank Account will be provided with no charge for;
 - The standard features provided they are transacted in Sterling
 - An unpaid payment
 - An overdrawn balance
- The BBA has not engaged in any discussions around commitments to desired pricing individually or collectively with its members, in accordance with anti-trust legislation.
- HMT has liaised directly with individual providers on this point.

Account opening

- A Basic Bank Account will be opened for an eligible customer unless:
 - The Bank is concerned that the customer will use the account unlawfully (e.g. using the account fraudulently) or has acted in a threatening, abusive or violent manner towards staff,
 - Opening the account will put the Bank in a position where it might break any law, regulation, code, attestation or other duty that applies to the Bank,
 - Reasonable requirements for opening a bank account are not met (e.g. providing confirmation of identity and/ or giving consent for the Bank to conduct a full credit search and credit score).
- The Bank will provide joint accounts where all parties to the Basic Bank Account are eligible.
- Upon revision of the Insolvency Act (1986) to align with Scottish insolvency law, the Bank will open a basic bank account for undischarged bankrupts.

Upgrading

- The Bank may review its portfolio of Basic Bank Accounts periodically and migrate customers on to a more appropriate Personal Current Account, taking account of:
 - The eligibility criteria for Basic Bank Accounts,
 - Customers' financial circumstances, and
 - The pattern of usage on the account
- The Bank will give the Consumer at least two months written notice, explaining why it intends to migrate the account.

Account closing

- A Basic Bank Account can be closed when:

- The Bank is concerned that the customer has used or will use the account unlawfully or has acted in a threatening, abusive or violent manner towards staff;
- Maintaining the account will put the Bank in a position where it might break any law, regulation, code, attestation or other duty that applies to the Bank;
- The customer has;
 - Subsequently opened another Payment Account within the United Kingdom,
 - Provided false or misleading information,
 - Persistently breached the Bank's terms and conditions, or
 - There has been no transaction on the Payment Account for a period of more than 24 consecutive months.
- The Bank will give the Consumer at least two months written notice, explaining why it intended to close the account, except where this will put it in a position where it might break any law, regulation, code, attestation or other duty (including to its staff) that applies to the Bank.

Monitoring and review

- The Bank will review its distribution of Basic Bank Accounts with HM Treasury annually and make whatever revisions it considers necessary to ensure greater access.
- To ensure that there is an even distribution of Basic Bank Accounts, the Bank will provide the following information to HM Treasury;
 - Details of the product name for the Basic Bank Account and its full terms and conditions by 12 months after making the commitments in this Agreement,
 - A summary of initial implementation and distribution plans for the Basic Bank Account by 4 months after making the commitments in this Agreement.
 - The Bank will also provide the following information to HM Treasury, for collective review with Basic Bank Account providers:
 - 6-monthly data (within 2 months of the period end) on;
 - The flow and stock of Basic Bank Accounts,
 - The number of Basic Bank Account applications refused, and
 - The flow and stock of Personal Current Accounts.
- The Treasury will publish details of Basic Bank Account market shares in a form agreed with the industry.
- The Treasury will encourage Banks with stock of Personal Current Account market share that is larger than 1 per cent to participate in this Agreement.

Appendix - Definitions

- In this Agreement:
 - "ATM" means an automated teller machine;
 - "Basic Bank Account" means any Payment Account offered by the Bank pursuant to this Agreement which satisfies the requirements set out in the Agreement;
 - "Consumer" means any natural person who is acting for purposes which are outside his or her trade, business or profession;
 - "LINK network" means the ATM network as currently owned by Vocalink Ltd;
 - "United Kingdom" excludes the Channel Islands and the Isle of Man;

- "Online Payment" means the execution of payment transactions where the consent of the payer to execute a payment transaction is given by means of any telecommunication, digital or information technology device;
- "Payment Card" means a payment instrument in the form of a card;
- "Personal Current Account" means a Payment Account offered by a party to Consumers which is not a Basic Bank Account;
- "Standing Order" means an instruction given by the payer to the Bank which holds the payer's Payment Account to execute credit transfers at regular intervals or on pre-determined dates;
- Unless otherwise indicated, expressions used in this agreement and in the Payment Services Regulations 2009 (SI 2009/209) ("PSRs") have the same meaning as in the PSRs.