



HM Treasury

Basic bank accounts: **July 2021 to June 2022**

February 2023

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July 2021 to June 2022



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Chapter 1

Introduction

1.1 Under the Payment Account Regulations (PARs) 2015, the nine largest personal current account (PCA) providers in the UK have been legally required to offer basic bank accounts to customers who do not have a bank account or who are not eligible for a bank's standard current account. Basic bank accounts must be fee-free for standard operations and not have an overdraft facility, but otherwise offer the same services as a standard personal current account, as set out in the PARs. The nine institutions are:

- Barclays UK
- The Co-operative Bank
- HSBC UK
- Lloyds Banking Group (including Halifax and Bank of Scotland brands)
- Nationwide Building Society
- NatWest Group (including RBS and Ulster Bank brands)
- Santander UK
- TSB
- Virgin Money UK

1.2 Prior to the PARs, basic bank accounts were offered under the terms of the 2014 voluntary agreement, which is still in force and complements the terms set out under the PARs. The agreement included a commitment by participating institutions to provide data to HM Treasury on their basic bank accounts and personal current accounts, and a commitment by HM Treasury to publish information on basic bank account market share. The data in this publication fulfils that commitment.

About the data

1.3 This publication presents data that has been reported to HM Treasury, covering the period July 2021 to June 2022, by each of the nine designated institutions. HM Treasury has committed to publishing the data annually.

1.4 This publication does not include data from institutions that are not designated under the PARs.

1.5 The figures reported have not been verified by HM Treasury or any other body. Enquiries on any individual institution's data or basic bank account product should be directed to that institution. The Financial Conduct Authority (FCA) is responsible for ensuring designated institutions comply with the PARs.

Chapter 2

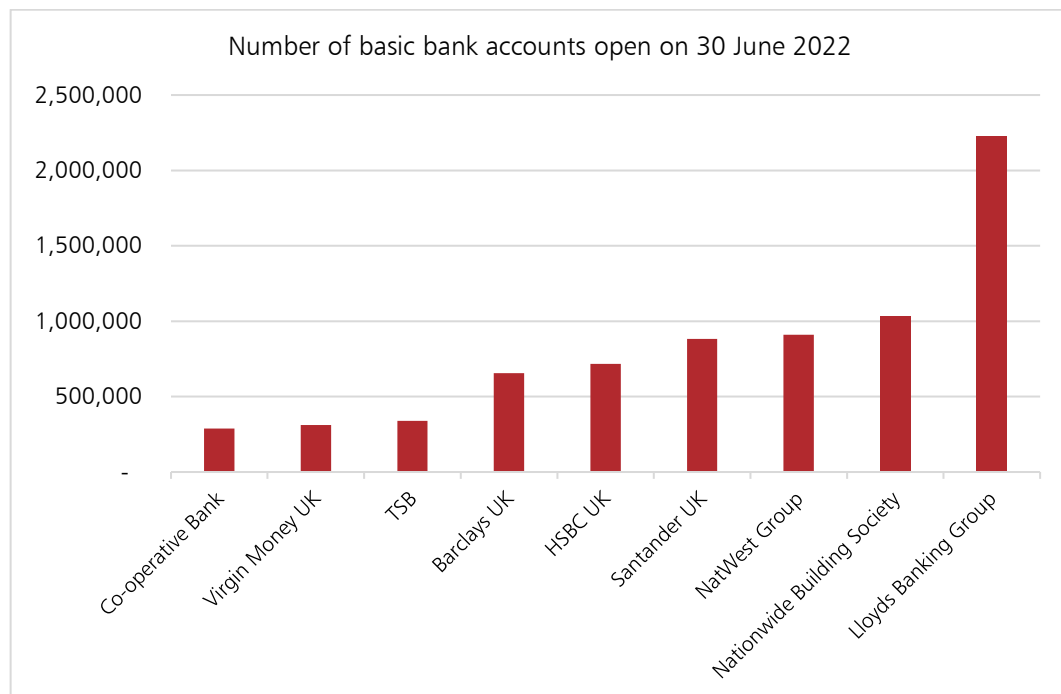
Basic bank accounts

Total stock of basic bank accounts

2.1 As of 30 June 2022, there were 7,361,707 basic bank accounts open at the nine designated institutions.

2.2 Chart 1.A shows how many of these basic bank accounts were open at each designated institution.

Chart 1.A: Total stock of basic bank accounts on 30 June 2022



Source: HM Treasury

- A basic bank account is considered open even if no transactions have taken place on the account.
- A basic bank account is considered open if a decision has been taken to close the account, but the account has not yet been closed.

Upgrades and migrations

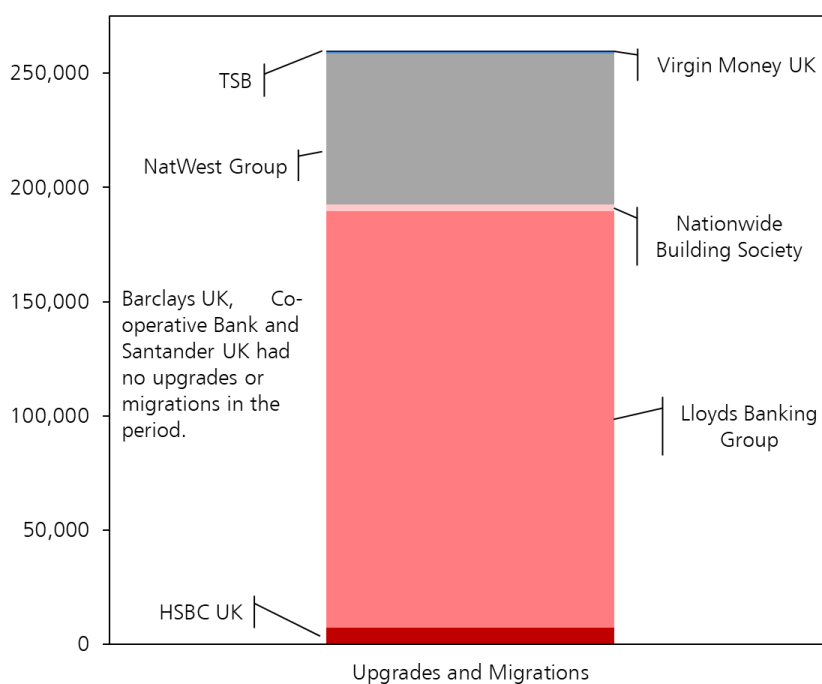
2.3 Designated institutions may review their portfolio of basic bank accounts periodically and upgrade customers on to a more appropriate personal current account (PCA), taking account of:

- the eligibility criteria of basic bank accounts
- the customer's financial circumstances
- how the account is being used

2.4 Institutions will give the customer at least two months' written notice explaining why they intend to upgrade the account. Institutions should also have regard to the FCA's requirement to treat their customers fairly.

2.5 Chart 1.B shows the total number of basic bank accounts that have been upgraded and/or migrated to another PCA in the reporting period by a designated institution.

Chart 1.B: Total upgrades and migrations of basic bank accounts



Source: HM Treasury

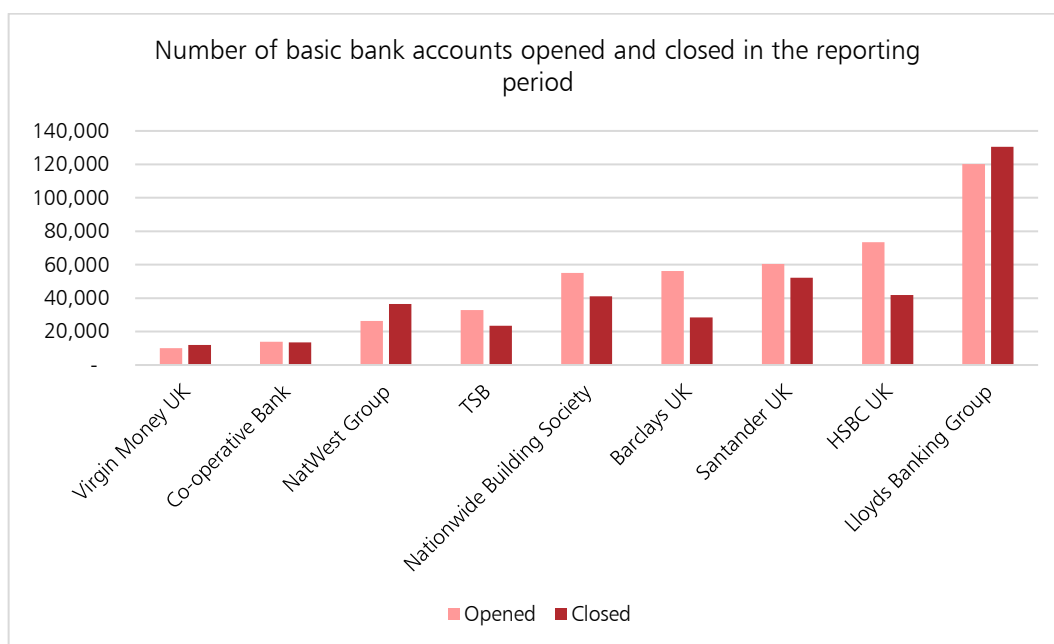
- The figures include basic bank accounts that have been upgraded at the customer's request, as well as those upgraded or migrated in line with the process set out in the 2014 agreement.
- The figures do not include the number of basic bank accounts for which written notice has been given to the account holder(s) that they will be upgraded but have not been upgraded by the end of the reporting period.

Opening and closing

2.6 Chart 1.C shows the number of basic bank accounts that have been opened and closed during the reporting period.

2.7 A basic bank account opened under the PARs may only be closed without the consumer's consent in limited circumstances, for example, if a consumer has knowingly used, or attempted to use, the account for illegal purposes, or if there has been no transaction on the account for more than 24 months.¹

Chart 1.C: Basic bank accounts opened and closed in the reporting period



Source: HM Treasury

- The figures include basic bank accounts closed at the customer's request, as well as those closed in line with the processes set out in the PARs.
- Over the reporting period, this included the opening of c.35,000 basic bank accounts for Ukrainian nationals entering the UK, according to UK Finance. At the time of publication, the latest figure stood at over 70,000 basic bank account openings for Ukrainian nationals entering the UK since February 2022.

¹ A full list of the circumstances in which a provider can close a basic bank account can be found in regulation 26 of the PARs.

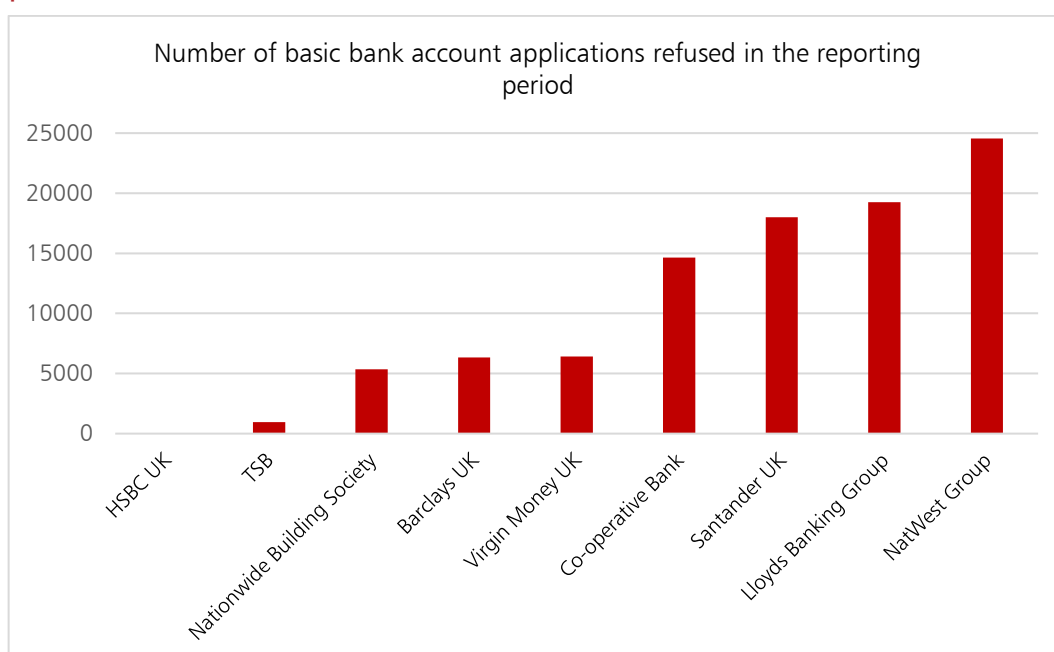
Refusals

2.8 Under the PARs, designated institutions must refuse to open a basic bank account for a consumer where it would be unlawful for it to do so. This includes, for example, where opening an account would be contrary to the Fraud Act 2006 or the Money Laundering Regulations.²

2.9 Chart 1.D shows the number of basic bank account applications refused at each institution.

2.10 The charts below include cases where an application could not be accepted due to the customer not meeting a participating institution's identification requirements (where these took place after a full application has been made) or fraud checks.

Chart 1.D: Number of basic bank account applications refused in the reporting period



Source: HM Treasury

- The data does not include partially completed applications that are not considered.
- The data does not include applications that are still under consideration or 'pending'.
- There is not a standardised definition of what constitutes a refused application, which may explain some of the variation between the refusal numbers of each designated institution.
- The PARs require that where an application is refused, the participating institution must, without delay, inform the customer in writing and free of charge of the reason for the

² A list of further circumstances in which a provider would have to refuse the opening of a basic bank account can be found in regulation 25 of the PARs.

refusal if it may lawfully do so. In those circumstances the institution must also tell the customer how to complain to the institution and the Financial Ombudsman Service and provide the relevant contact details.

Chapter 3

Market distribution

Market shares

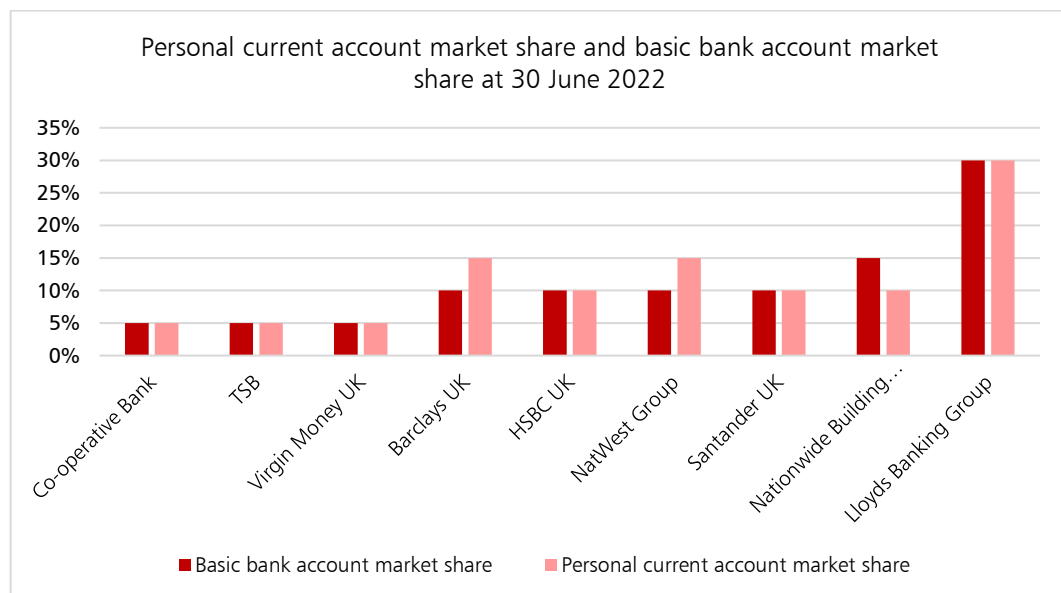
3.1 Chart 1.E uses data reported by designated institutions on their total numbers of personal current accounts and basic bank accounts to calculate market shares and compare them.

3.2 Market share in chart 1.E refers to the respective shares of the market held by each of the nine designated institutions in comparison with each other only. The market shares have not been calculated based on the entire UK market.

3.3 The personal current account market shares have been rounded to the nearest 5ppts (or 1ppts where that value would have been zero), because some firms consider personal current account market share to be commercially sensitive information.

3.4 Designated institutions are not required to reach or exceed any particular number of basic bank accounts. There is no upper or lower limit on the number of basic bank accounts a designated institution can open or hold.

Chart 1.E Comparing personal current account market share and basic bank account market share



Source: HM Treasury

Chapter 4

Further information

4.1 Money Helper provides further information about basic bank accounts on its [website](#).

4.2 If you would like to know more about a specific credit institution's basic bank account product, or would like to apply for one, you can visit any of the nine providers' websites or ask in branch for more information.

4.3 HM Treasury's previous publications of basic bank account data can be found on [gov.uk](#).

4.4 Further information about the 2014 agreement can be found on [gov.uk](#).

4.5 The Payment Accounts Regulations 2015 can be found on [legislation.gov.uk](#)

4.6 Following the UK's exit from the EU, the Payment Accounts Regulations were amended by the Payment Accounts (Amendment) (EU Exit) Regulations 2019. Further information can be found on [gov.uk](#).

HM Treasury contacts

This document can be downloaded from www.gov.uk

If you require this information in an alternative format or have general enquiries about HM Treasury and its work, contact:

Correspondence Team
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

Tel: 020 7270 5000

Email: public.enquiries@hmtreasury.gov.uk