



HM Treasury

Basic bank accounts: **July 2022 to June 2023**

April 2024

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July 2022 to June 2023



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Chapter 1

Introduction

1.1 The government recognises that access to a transactional bank account is key to enabling people to manage their money on a day-to-day basis effectively, securely and confidently.

1.2 Under the Payment Account Regulations (PARs) 2015, HM Treasury has designated the nine largest personal current account (PCA) providers in the UK to offer basic bank accounts to customers who are legally resident in the United Kingdom and do not have a bank account, or who are not eligible for a standard current account.

1.3 Basic bank accounts must be fee-free for standard operations (when provided in sterling) and not have an overdraft facility, but otherwise offer the same core services as a standard personal current account, as set out in the PARs.

1.4 The nine designated 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

1.5 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.

1.6 Last year, in response to public interest around the rejection and termination of payment accounts, the Financial Conduct Authority (FCA) conducted a data collection exercise to improve understanding of why this may be taking place, including in the context of basic bank accounts. Following this, the FCA conducted further work to explore

why firms may decline applications and terminate basic bank accounts, as well as further research into the reasons why there continue to be 'unbanked' people in the UK. The government welcomes this work.

1.7 Relatedly, on 21 July 2023 the government published a policy statement setting out its plans to strengthen requirements relating to payment services contract terminations. These changes will, subject to limited exceptions, increase the minimum notice period in cases of provider-initiated contract terminations from two months to 90 days and require a sufficiently detailed and specific explanation for the termination to be given to the customer. This increased notice and transparency will help customers to communicate with or make a complaint to their provider, potentially raise a complaint with the Financial Ombudsman Service (FOS), and/or seek an alternative service with time to mitigate the effect of the termination.

1.8 On 14 March 2024, the government published draft secondary legislation that will enact these changes, for technical checks. The government intends to lay the final legislation bringing these reforms into law in Summer 2024, subject to Parliamentary timing, and for the changes to take effect as soon as practicable thereafter. To ensure users of basic bank accounts benefit from equivalent new protections as appropriate, the secondary legislation will make corresponding changes to rules concerning the refusal of applications for and termination of basic bank accounts in regulations 25 and 26 respectively of the Payment Accounts Regulations 2015.

About the data

1.9 This publication presents data that has been reported to HM Treasury, covering the period July 2022 to June 2023, by each of the nine designated institutions. HM Treasury has committed to publishing the data annually.

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

1.11 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 FCA is responsible for ensuring designated institutions comply with the PARs.

Chapter 2

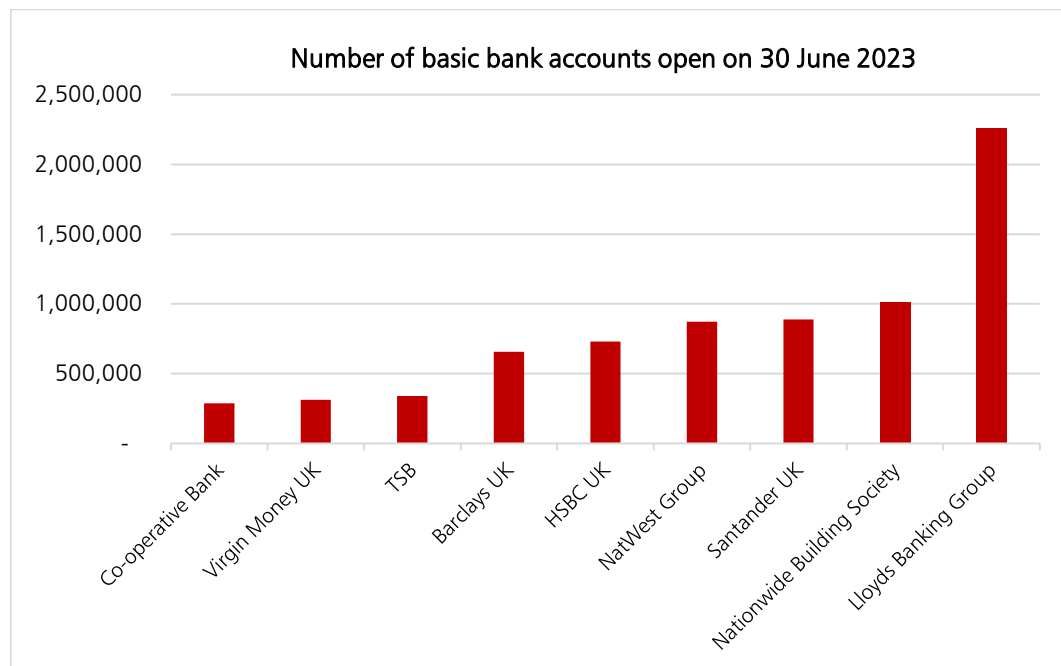
Basic bank accounts

Total stock of basic bank accounts

2.1 As of 30 June 2023 there were 7,363,018 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.

Figure 2.A Total stock of basic bank accounts on 30 June 2023



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 also considered open if a decision has been taken to close the account, but the account has not yet been closed.

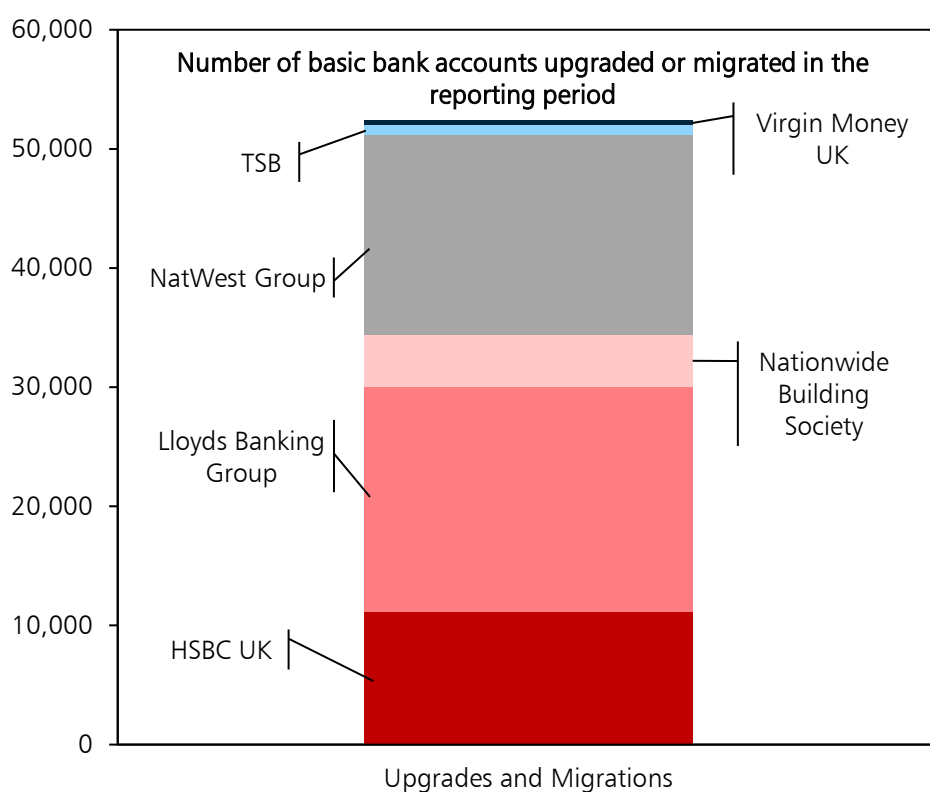
Upgrades and migrations

2.3 Designated institutions may review their portfolio of basic bank accounts periodically and upgrade customers to a 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 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.

Figure 2.B Basic bank accounts upgraded and migrated in the reporting period



Source: HM Treasury

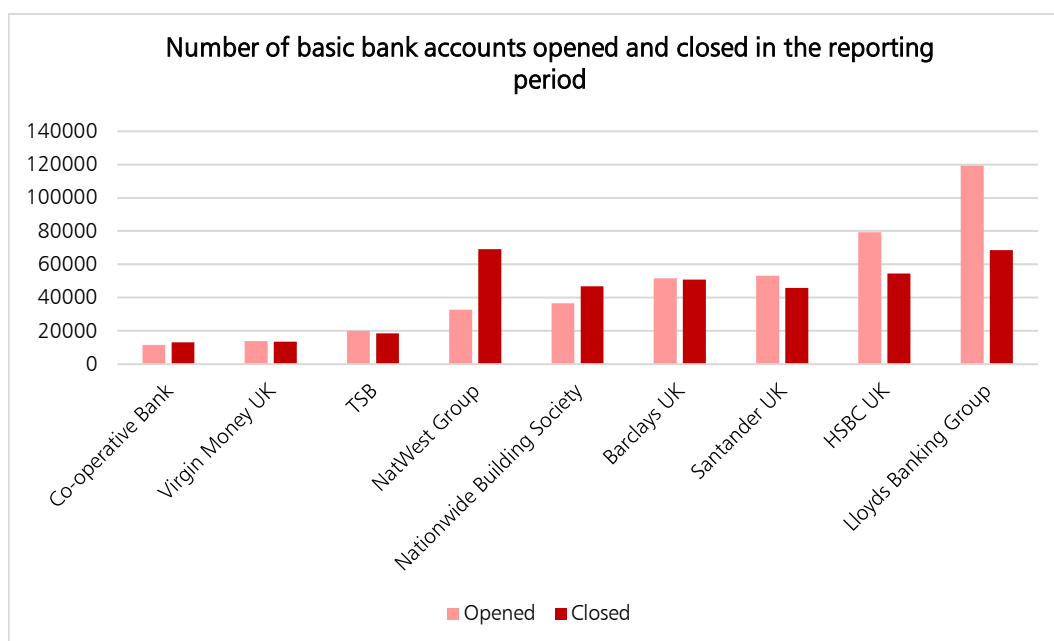
- The figures include basic bank accounts that have been upgraded at the customer's request, as well as those upgraded or migrated in line with the process set out in the 2014 agreement. Barclays UK, Co-operative Bank and Santander UK had no upgrades or migrations in the period.
- The figures do not 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 of accounts

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

2.6 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 consecutive months.¹ The data below also includes basic bank accounts closed following a customer request (including account switches) or a customer bereavement.

Figure 2.C Basic bank accounts opened and closed in the reporting period



Source: HM Treasury

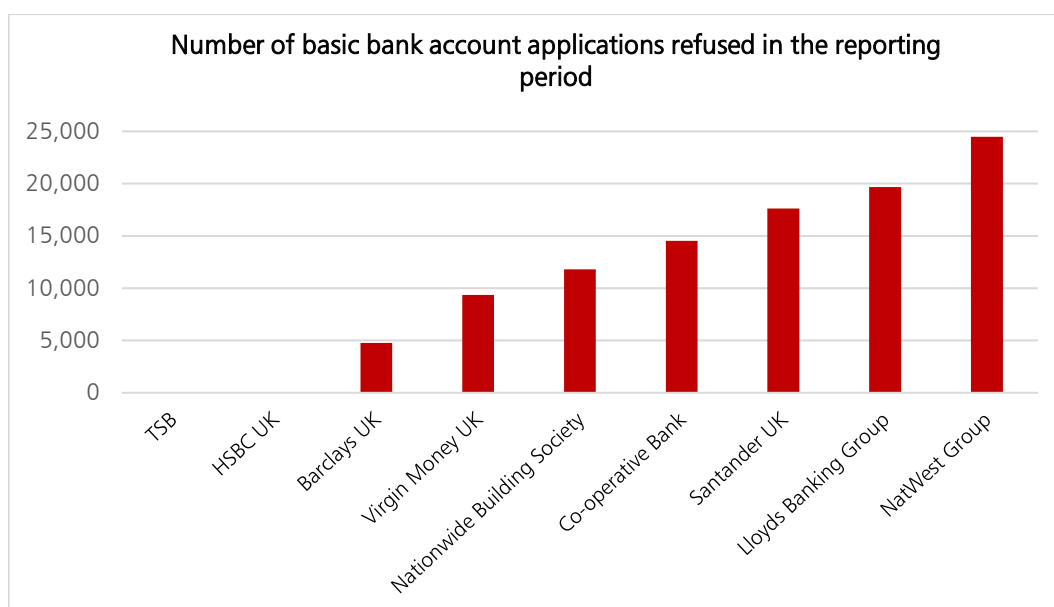
¹ A full list of the circumstances in which a provider can close a basic bank account can be found in regulation 26 of the PARs.

Refusals

2.7 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, or where the consumer's behaviour constitutes an offence under harassment or public order laws.² Customers may also be refused a basic bank account due to already holding a current account, or in some cases redirected to the bank or building society's standard current account where eligible.

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

Figure 2.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'.
- As there is no standardised definition of what constitutes a refused application, and different designated institutions will have different processes for onboarding customers (including when they conduct credit and financial crime checks), there is

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.

likely to be some expected 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 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

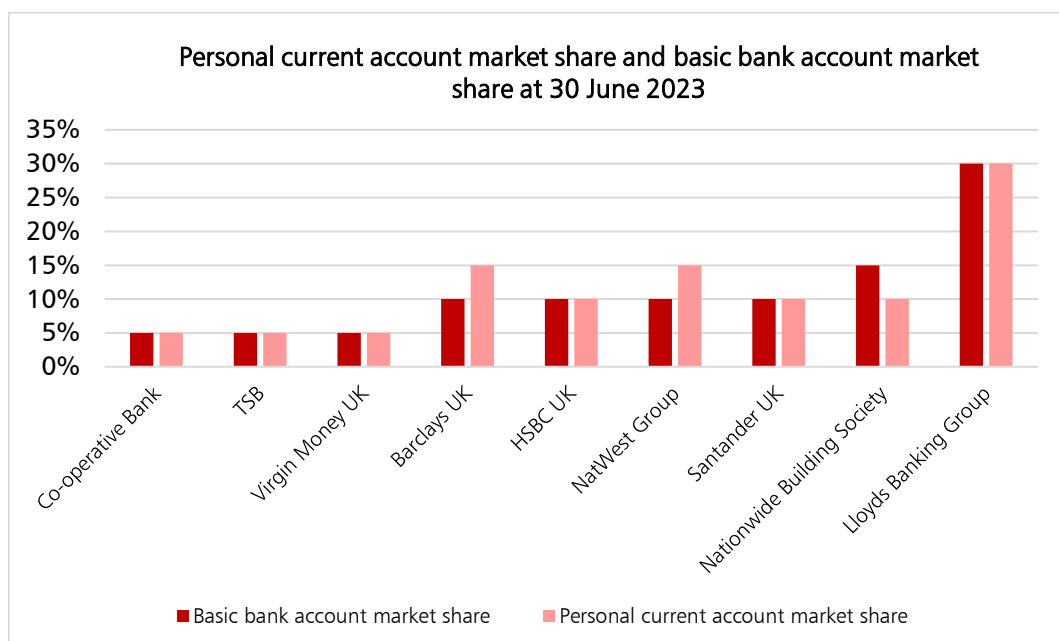
3.1 Chart 1.E uses data reported by designated institutions on their total numbers of personal current accounts and basic bank accounts to calculate market shares and compare them.

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 five percentage points (or one percentage point 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.

Figure 3.A 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 at

www.moneyadvice.service.org.uk/en/articles/basic-bank-accounts.

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 contact any of the nine providers for more information.

4.2 HM Treasury's previous publications of basic bank account data can be found at www.gov.uk/government/collections/basic-bank-accounts.

4.3 Further information about the 2014 agreement can be found at www.gov.uk/government/publications/revised-basic-bank-account-agreement.

4.4 The Payment Accounts Regulations 2015 can be found at www.legislation.gov.uk/uksi/2015/2038/made

4.5 Following the UK's exit from the European Union, the Payment Accounts Regulations were amended by the Payment Accounts (Amendment) (EU Exit) Regulations 2019. Further information can be found at www.gov.uk/government/publications/draft-payment-accounts-amendment-eu-exit-regulations-2018/payment-accounts-amendment-eu-exit-regulations-2018-explanatory-information

HM Treasury contacts

This document can be downloaded from
www.gov.uk/government/collections/basic-bank-accounts

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