

The **Banking** Code

Setting standards for banks, building societies
and other banking service providers



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The Banking Code

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March 2008



bba

The voice of banking
& financial services



APACS

the UK payments association

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Throughout this Code, words in the text which are shown in **bold** print are defined in the Glossary at the end of the Code.

1 Introduction

What the Code covers

- 1.1** This is a voluntary code which sets standards of good banking practice for financial institutions to follow when they are dealing with **personal customers** in the United Kingdom. It provides valuable protection for you and explains how financial institutions are expected to deal with you day-to-day and whenever you have financial difficulties.

The Code applies to:

- **current accounts**, including **basic bank accounts** (section 3);
- **savings** and deposit accounts (sections 3 and 4), including cash ISAs and cash deposit Child Trust Funds;
- payment services, including foreign-exchange services (section 9);
- **cards and PINs** (section 10); and
- loans and **overdrafts** (section 13).

It does not cover mortgages, investments, insurance, Premium Bonds or currency accounts.

About this Code

- 1.2** As a voluntary code, it allows competition and market forces to work to encourage higher standards for the benefit of customers.

Within the Code, ‘you’ means the customer and ‘we’, ‘us’ and ‘our’ means the financial institution the customer deals with.

You can check which financial institutions follow the Code by contacting the Banking Code Standards Board, the independent organisation which monitors how well financial institutions are meeting the Code. (You can find their contact details later in the Code – section 16). The types of financial institution currently include:

- banks;
- building societies;
- **credit card** companies;
- National Savings & Investments;
- the Post Office; and
- a number of credit unions.

The standards of the Code are covered by the eight key commitments found in section 2.

Not all the financial institutions covered by this Code offer all the products and services listed in section 1.1 above. Unless it says otherwise, all parts of this Code apply to all the products and services listed above, whether they are provided by branches, over the phone, by post, through interactive TV, on the internet or by any other method. This revised edition applies from 31st March 2008 unless otherwise shown.

2 Our key commitments to you

We promise we will treat you fairly and reasonably when providing you with products and services covered in this Code. We will keep this promise by meeting all of the key commitments shown below.

- We will make sure that our advertising and promotional literature is clear and not misleading and that you are given clear information about our products and services.
- We will give you clear information about accounts and services, how they work, their terms and conditions and the interest rates which may apply.
- We will help you use your account or service by sending you regular statements (where appropriate) and we will keep you informed about changes to the interest rates, charges or terms and conditions.
- We will help you to switch your current account between financial institutions that subscribe to this Code.
- We will lend responsibly.
- We will deal quickly and sympathetically with things that go wrong and consider all cases of financial difficulty sympathetically and positively.
- We will treat all your personal information as private and confidential, and provide secure and reliable banking and payment systems.
- We will publicise this Code, have copies available and make sure that our staff are trained to put it into practice.

To meet these promises, we will, as a minimum, take the steps and meet the standards set out in the rest of this Code.

3 Helping you to choose products and services that meet your needs

- 3.1** Before you become a customer, we will:
- give you clear information explaining the main features of the services and products you tell us you are interested in;
 - from 1 October 2008, make important information for **savings accounts** and unsecured loans available in a **summary box** on pre-sale material;
 - assess whether your needs are suited to a **basic bank account** (if we offer one) and offer you this product if they are;
 - offer you a **basic bank account** if you ask and meet the conditions for one;
 - give you information on a single product or service, if you have already made up your mind; and
 - tell you what information we need from you to prove your identity (by law, we have to check your identity).
- 3.2** We will tell you if we offer products and services in more than one way (for example, on the internet, over the phone, in branches and so on) and tell you how to find out more about them. Where we offer **basic bank accounts**, we will tell you if they can be used at post offices.
- 3.3** Once you have chosen an account or service, we will tell you how it works.
- 3.4** When you open a joint account, we will give you extra information on your rights and responsibilities.
- 3.5** **Personal customers** are protected by the European Distance Marketing Directive (DMD) in relation to taking deposits. This gives you rights when opening **current, savings** and deposit accounts, and using these types of account to do financial services business at a distance (usually by post, over the phone or electronically).

Generally, the major types of protection are:

- detailed information before you commit to a contract;
- a right to cancel the account within 14 days; and
- restrictions on how a financial service is supplied if you have not asked for it.

4 Interest rates

4.1 You can find out about our **interest** rates by:

- phoning our helpline;
- looking on our website;
- looking at the notices in our branches; or
- asking our staff.

4.2 When you become a customer, we will give you information on the **interest** rates which apply to your accounts, and when we will take **interest** or pay it to you. We will also tell you our website address, our helpline numbers and the other ways you can find out about changes in **interest** rates on your accounts.

4.3 If you ask us, we will also give you a full explanation of how we work out **interest**.

Changes in interest rates

4.4 We will keep you informed about changes to the **interest** rates on your accounts and we will tell you about the ways we will do this.

4.5 When we change the **interest** rates on your accounts, we will update the information on our phone helpline and our website within three **working days**. To help you compare rates, the old rate will also be available on our website and our helpline.

Interest on savings accounts

4.6 To help you compare **interest** rates on all our **savings accounts** more easily, at least once a year we will send you a summary of these products and their current **interest** rates unless your account has less than £500 in it. This summary will also include:

- accounts that are no longer available; and
- details of how you can find out about the current **interest** rates that apply to your accounts.

The summary does not have to be sent to holders of **fixed-rate, fixed-term** accounts.

4.7 We will also tell you the different **interest** rates which have applied to your account during the year and any changes in the **Bank of England base rate** (unless we have already told you personally about these or if your account has less than £500 in it).

4.8 If you have a variable-rate **savings account** with £250 or more in it and the **interest** rate has fallen significantly compared with the **Bank of England base rate**, we will contact you within a reasonable period of time to:

- tell you that this has happened;
- tell you about our other **savings accounts** and offer to help you to switch to one of these accounts if you want to;
- tell you that you can withdraw all the money in your account; and
- give you a reasonable period of time to switch to another account or withdraw the money without any notice period or any charges.

5 Charges

5.1 When you become a customer, we will give you details of any charges for the day-to-day running of the account you have chosen.

5.2 You can also find out about these charges by:

- phoning our helpline;
- looking on our website; or
- asking our staff.

5.3 If we increase any of these charges or introduce a new charge, we will tell you personally at least 30 days before the change comes into force.

5.4 We will tell you the charge for any other service or product before we provide that service or product, and whenever you ask.

5.5 Before we take **interest** or charges for **standard account services** from your **current** or **savings account**, we will give you at least 14 days' notice of how much we will take.

Cash machine charges

- 5.6 We will give you details of any charges we make for using **cash machines** when we issue the **card**.
- 5.7 You will not be charged more than once for any transaction at one of our **cash machines**.
- 5.8 When you use a **cash card** at one of our **cash machines**, a message on the screen will tell you, before you commit to making a withdrawal, the amount (if any) you will be charged for the transaction and who is making the charge.
- 5.9 When you use a **card** other than a **cash card** at one of our **cash machines**, a message on the screen will tell you, before you commit to making a withdrawal, the amount (if any) we will charge you for the transaction. The message will also tell you that your **card** issuer may charge you for the transaction.
- 5.10 We will show **cash machine** charges on your account statement.

6 Terms and conditions

- 6.1 When you apply to become a customer or accept a product for the first time, we will give you any relevant terms and conditions for the product you have asked us to provide.
- 6.2 All written terms and conditions will be fair and will set out your rights and responsibilities clearly and in plain language. We will only use legal or technical language if necessary.

Changes to terms and conditions

- 6.3 When you become a customer, we will tell you how we will let you know about changes to terms and conditions.
- 6.4 If the change is to your disadvantage, we will tell you about it personally at least 30 days before we make the change. At any time up to 60 days from the date of the notice you may, without notice, switch your account or close it without having to pay any extra charges or any **interest** for doing this.
- 6.5 We may make any other changes or any interest immediately and tell you about it within 30 days.

- 6.6 If we have made a major change or a lot of minor changes in any one year, we will give you a copy of the new terms and conditions or a summary of the changes.

7 Changing your account

Cooling off

- 7.1 If you are not happy about your choice of **current account**, **savings account** or **Cash ISA**, you may cancel it within 14 days of:
- the day you enter into the contract; or
 - the day on which you receive the contract terms and conditions and other information on paper or electronically; whichever is later.

We will help you switch to another of our accounts or we will give all your money back with any **interest** it has earned. We will ignore any notice period and any extra charges.

This does not apply to:

- a **fixed-rate** account (except a **Cash ISA**);
- an account or contract for financial services where the price depends on rises and falls in financial markets outside our control that may happen during the cancellation period; or
- a branch-based Child Trust Fund cash deposit account (in other words, not sold at a distance).

Upgrading your account

- 7.2 We will not upgrade your **current account** from a free account to a fee-paying account without your permission, unless we plan to upgrade all free accounts of that type.

Moving your account

- 7.3 If you decide to move your **current account** to another financial institution, we will give them information on your **standing orders** and **direct debits** within three **working days** of receiving their request to do this. Also, we will close or move your **current account**, free of charge, when you ask us to do so.
- 7.4 If you want to transfer your **current account** to us, we will tell you:

- how the process for transferring your account will work and who is responsible for each step in the process;
- what information your old financial institution will pass to us;
- what features you will be offered with the new account so that you can compare your new account with features on your old account; and
- how long the transfer is likely to take.

We will give you what you need to use the account within 10 **working days** of approving your application.

- 7.5 We will cancel any bank charges you will have to pay as a result of any mistake or unnecessary delay by us when you transfer your **current account** to or from us.

Closing your account

- 7.6 Under normal circumstances, we will not close your account without giving you at least 30 days' notice. Examples of circumstances which are not 'normal' include threatening or abusive behaviour towards staff.
- 7.7 We will not close your account, or threaten to do so, as a response to a valid complaint you have made.
- 7.8 If we plan to close or move your branch, we will tell you at least 12 weeks beforehand. We will also tell you how we will continue to provide banking services to you.

8 Advertising and marketing

- 8.1 We will make sure that all advertising and promotional material is clear, fair, reasonable and not misleading.
- 8.2 We will take care when we send you marketing material, particularly if it relates to loans or **overdrafts**, or if you are under 18.
- 8.3 Unless you specifically give your permission or ask us to, we will not pass your name and address to any company, including other companies in our group, for marketing purposes. We will not ask you to give your permission in return for **standard account services**.
- 8.4 We may tell you about another company's services or products. If you agree, that company may contact you directly.

- 8.5 When you become a customer, we will give you the opportunity to say that you do not want us to contact you for marketing purposes. At least once every three years, we will remind you that you can do this.
- 8.6 We will not insist that you buy an insurance product from us when we agree to provide you with a lending product.

9 Running your account

Statements

- 9.1 To help you manage your account and check entries on it, we will give you regular account statements unless this is not appropriate for the type of account you have (such as an account where you have a passbook).
- 9.2 We will normally give you a statement every month, every three months or at least once a year. You can ask us to give you account statements more often than is normally available on your type of account, but there may be a charge for this service.
- 9.3 If you have a **card** which allows you to withdraw money from your account, we will provide you with account statements at least every three months if you have used the **card**.

Clearing payments

- 9.4 We will tell you about how automated payments **clear**, including those made over the phone, using online banking or by **standing order**. We will tell you when you can withdraw money after it has been paid into your account and when you will start to earn **interest**. We will do this when you open your account and whenever you ask us.
- 9.5 We will tell you about the maximum timescales for each stage of the process for **clearing** cheques you pay in or whether we offer a quicker service. We will tell you when you will start to earn **interest** on the money (or reduce the balance on which **overdraft interest** is charged), when you can withdraw the funds and when you can be certain that the money is yours. We will do this when you open your account and whenever you ask us.

Direct debits and recurring transactions

- 9.6** We will tell you how **direct debits** and **recurring transactions** work and how you may cancel one of these when you no longer need it
- 9.7** We will tell you about the Direct Debit Guarantee, which protects you if a **direct debit** you have not authorised is taken from your account. If any money is wrongly taken from your account under a **direct debit**, we will refund your account as soon as you tell us about it.

Cheques

- 9.8** We will keep original cheques paid from your account, or copies, for at least six years unless we have already returned these to you.
- 9.9** If, within a reasonable period after the entry has been made on your statement, there is a dispute with us about a cheque paid from your account, we will give you the cheque or a copy as evidence. If there is an unreasonable delay after you have told us about it, we will add the amount of the cheque to your account until we have sorted the matter out.
- 9.10** We will tell you how we will deal with **unpaid cheques** and **out-of-date cheques**.
- 9.11** If we need to tell you that a cheque you have written (or another item) has been returned unpaid, we will do this either by letter or in another private and confidential way.

Foreign-exchange services

- 9.12** When you buy or sell foreign currency, we will give you an explanation of the service, details of the exchange rate and an explanation of the charges which apply to foreign-exchange transactions.
- 9.13** If you want to transfer money abroad, we will tell you how to do this and will give you:
- a description of the services and how to use them;
 - details of when the money you have sent abroad should get there and the reasons for possible delays;
 - the exchange rate applied when converting to the foreign currency (if this is not possible at the time of the transaction, we will let you know later what the rate is); and
 - details of any commission or charges which you will

have to pay and a warning that the person receiving the money may also have to pay the foreign bank's charges.

- 9.14** If money is transferred to your bank account from abroad, we will tell you the original amount received and any charges. If the sender has agreed to pay all charges, we will not take off charges when we pay the money into your account.

Protecting your account

- 9.15** We will tell you what you can do to help protect your accounts. You can find out more about what you can do to help in section 12 of this Code.
- 9.16** If you tell us that your chequebook, passbook, **card** or **electronic purse** has been lost or stolen, or that someone else knows your **PIN** or other security information, we will take immediate steps to try to prevent these from being used.

Dormant accounts, lost accounts and unclaimed assets

- 9.17** If you have money in a **dormant account** or **lost account**, it will always be your property (or if you die, it will become part of your estate). This is the case no matter how many years pass.
- 9.18** If you ask us, we will tell you how to access these accounts either directly, or through the free central tracing service online at www.mylostaccount.org.uk. This is run by the British Bankers' Association, the Building Societies Association or the National Savings & Investment **dormant** and **lost account** schemes (see section 17.6).
- 9.19** If we subscribe to the **unclaimed assets scheme**, we will tell you about the introduction of the scheme as part of our existing correspondence with you, and will remind you every three years.
- The **unclaimed assets scheme** will apply if you have not been in touch with us or have not made a transaction on your savings or current account for more than 15 years. This will not affect your right to access the money in your account. You can find out our policy for checking whether accounts are unclaimed by:
- looking on our website;

- calling our helpline; or
- asking our staff.

(The **unclaimed assets scheme** is scheduled to be introduced during 2009.)

10 Cards and PINs

This section applies to **cards** as defined in the Glossary.

General features of cards

- 10.1** We will only send you a **card** if you ask for one or to replace a **card** you already have.
- 10.2** If you do not recognise a **card** transaction which appears on your statement, we will give you more details if you ask us. In some cases, we will need you to give us confirmation or evidence that you have not authorised a transaction.
- 10.3** If we confirm a transaction is unauthorised, we will refund any **interest** charged, unless you have acted fraudulently or without reasonable care (see under sections 12.5 and 12.11).
- 10.4** Your statement will show the rate of commission or charge (if any) we apply to foreign-currency **card** transactions.

PINs

- 10.5** We will give you your **PIN** (personal identification number) separately from your **card**. We will not make your **PIN** known to anyone else.
- 10.6** We will tell you about our systems, which allow you to choose and change your **PIN**. This should make it easier for you to remember.
- 10.7** We will tell you about alternatives to 'chip and PIN', which are available if you are unable to use a **PIN** because of a disability or medical condition.

Credit cards

- 10.8** Before you become a customer, we will give you the main features of the **credit card** in a **summary box**.
- 10.9** When you apply for a **credit card**, we will tell you how it works and give you the terms and conditions.
- 10.10** Before we give you a credit limit, we will assess whether we feel you will be able to repay it.
- 10.11** We may increase your credit limit on your **credit card**. We will give you notice if we do this. We will also explain clearly, and closely to the notice we give you, that you can refuse the increase, and the ways in which you can do so.
- You can contact us at any time if you want to reduce your credit limit or opt out of having your **credit card** limit increased.
 - You can ask us to increase your **credit card** limit. We will consider this when we have made the appropriate checks.
 - Sometimes, we may decide to reduce your **credit card** limit. We will tell you if we do this.
- 10.12** You will receive a monthly statement for your **credit card**, unless your account has a zero balance and has not been used. The monthly statement will include information about transactions since the last statement date, any **interest** which applies, the minimum repayment and other useful information including the 'allocation of payments' (how we use your payment to reduce your balance).
- 10.13** We will make sure that your minimum repayment covers more than that month's **interest**.
- 10.14** We will warn you when an introductory promotional **interest** rate on your **credit card** is about to come to an end.
- 10.15** If you make a cash withdrawal with a **credit card**, we will treat it as a cash advance and we may charge you a handling fee and **interest** at the cash advance rate from the date you made the withdrawal.
- 10.16** You have the opportunity to say you do not want to receive **credit card cheques** and we will let you know about any fees if you use these cheques. You may not have the same level of protection when you use a **credit card cheque** as you do with a **credit card**. This

information and other important details are included in the **summary box** which comes with all **credit card cheques**.

Prepaid cards

- 10.17** Before you apply for or buy a **prepaid card**, we will give you a **summary box** explaining the main features of the card.
- 10.18** When you apply for or buy a **prepaid card**, we will tell you how it works and give you the terms and conditions.

11 Your personal information

Confidentiality

- 11.1** We will treat all your personal information as private and confidential (even when you are no longer a customer). We will not make your name and address or details about your accounts known to anyone, including other companies in our group, other than in the following four exceptional cases when we are allowed to do this by law.
- If we have to give the information by law.
 - If there is a duty to the public to make the information known.
 - If our interests mean we must give the information (for example, to prevent fraud). However, we will not use this as a reason for giving information about you or your accounts (including your name and address) to anyone else, including other companies in our group for marketing purposes.
 - If you ask us to make the information known, or if we have your permission.

Bankers' references

- 11.2** If we are asked to give a **banker's reference** about you, we will need your written permission before we give it.

Data protection

- 11.3** We will explain to you that, under the Data Protection Act, you have the right to see the personal records we hold about you.
- 11.4** We will tell you if we record your telephone conversations with us.

12 Protecting your accounts

Secure and reliable banking and payment systems

- 12.1** We will co-operate with other organisations in the banking industry to provide secure and reliable **banking and payment systems** you can trust.
- The rest of this section is all about what you can do to help prevent your accounts being misused.*

Keeping us up to date

- 12.2** Please make sure you let us know as soon as possible when you change your:
- name;
 - address;
 - phone number; or
 - e-mail address (if this is how we communicate with you).

If we do not hold correct information we may make your account **dormant** to protect us both (see section 9.17 and section 17.6).

Checking your account

- 12.3** We recommend that you check your statement or passbook regularly. If there is an entry which seems to be wrong, you should tell us as soon as possible so that we can sort it out. Regularly checking **direct debits** and **standing orders** will help you be sure the money is going where you want it to.
- 12.4** If we need to investigate a transaction on your account, you should co-operate with us and the police, if we need to involve them.

Taking care

12.5 Taking care of your cheques, passbook, **cards**, **electronic purse**, **PINs** and **other security information** is essential to help prevent fraud and protect your accounts. Please make sure that you follow the advice given below.

- Do not keep your chequebook and **cards** together.
- Do not let anyone else use your **card**, and do not tell anyone else your **PIN**, **password** or **other security information**.
- Your bank or building society will never ask you to tell them your **PIN**. If you are in any doubt about whether a caller is genuine or if you are suspicious about them, take their details and call us.
- If you change your **PIN**, you should choose your new **PIN** carefully.
- Try to remember your **PIN**, **password** and **other security information**, and securely destroy the notice as soon as you receive it.
- Never write down or record your **PIN**, **password** or **other security information**.
- Always take reasonable steps to keep your **card** safe and your **PIN**, **password** and **other security information** secret at all times.
- If your card issuer takes part in a secure online payment system (such as Verified by Visa or MasterCard SecureCode), consider signing up either at their website or whenever you are given the option while shopping online. This involves you registering a **password** with your card company, which you will be asked whenever you shop at an online retailer taking part in the scheme. You should keep this **password** secret.
- Never give your account details or **other security information** to anyone unless you know who they are and why they need them.
- Keep your **card** receipts and other information about your account containing personal details (for example, statements) safe and get rid of them carefully.
- Take care when storing or getting rid of information about your accounts. People who commit fraud use many methods, such as 'bin raiding', to get this type of information. You should take simple steps such as shredding printed material.

- Be aware that your post is valuable information in the wrong hands. If you don't receive a bank statement, card statement or any other expected financial information, contact us.
- You will find the APACS website www.cardwatch.org.uk a helpful guide on what to do if you suspect **card** fraud.

12.6 When you write a cheque, it will help to prevent fraud if you clearly write the name of the person you are paying the cheque to and put extra information about them on the cheque, especially if you are not personally paying a cheque in (for example, because you are sending a cheque by post).

- If you are paying a cheque to a large organisation such as HM Revenue & Customs, do not make the cheque payable simply to that organisation. Add further details into the payee line (for example, HM Revenue & Customs re: J Jones, your reference xxxxyz). You should draw a line through any space you don't use on the cheque so unauthorised people cannot add extra numbers or names.
- If you are making a cheque payable to a bank or a building society, do not make the cheque payable simply to that organisation. Add further details in the payee line (for example, XYZ Bank, re: J Jones, account number xxxxxx). You should draw a line through any space you don't use on the cheque so unauthorised people cannot add extra numbers or names. Your cheque is likely to be returned to you if you make it payable simply to a bank or building society.

What to do if you lose your chequebook, passbook, electronic purse or card, or if someone else knows your PIN

12.7 It is essential that you tell us as soon as you can if you suspect or discover that:

- your chequebook, passbook, **card** or **electronic purse** has been lost or stolen; or
- someone else knows your **PIN**, **password** or **other security information**.

12.8 The best way of telling us about the loss will usually be by phone, using the numbers we have given you, or by e-mail if we have given you an address for this purpose.

Online banking

12.9 Online banking is safe and convenient as long as you take a number of simple precautions. Please make sure you follow the advice given below.

- Keep your PC secure. Use up-to-date anti-virus and spyware software and a personal firewall.
- Keep your **passwords** and **PINs** secret.
- We (or the police) will never contact you to ask you for your online banking or payment card **PINs**, or your **password** information.
- Treat e-mails you receive from senders claiming to be from your bank or building society with caution and be wary of e-mails or calls asking you for any personal security details.
- Always access internet banking sites by typing the bank or building society's address into your web browser. Never go to an internet banking site from a link in an e-mail and then enter personal details.
- Follow our advice – our websites are usually a good place to get help and guidance on how to stay safe online.
- Visit www.banksafeonline.org.uk for useful information.

Cancelling payments

12.10 If you want to cancel a payment or series of payments you have authorised, you should do the following.

- To cancel a cheque or **standing order**, you must tell us (we cannot cancel cheques covered by a cheque guarantee **card**).
- To cancel a **direct debit**, you can either tell the **originator** of the **direct debit** or tell us. We recommend you do both.
- To cancel a **recurring transaction**, you must tell the **originator**. We recommend you keep proof of the cancellation.
- It may not be possible to cancel payments if you do not give enough notice of your decision to cancel.

Liability for losses

12.11 If you act fraudulently, you will be responsible for all losses on your account. If you act without reasonable care, and this causes losses, you may be responsible for them. (This may apply, for example, if you do not follow section 12.5 or 12.9 or you do not keep to your account's terms and conditions.)

12.12 Unless we can show that you have acted fraudulently or without reasonable care, your liability for your **card** being misused will be limited as follows.

- If someone else uses your **card**, before you tell us it has been lost or stolen or that someone else knows your **PIN**, the most you will have to pay is £50.
- If someone else uses your **card** details without your permission, and your **card** has not been lost or stolen, you will not have to pay anything.
- If someone else uses your **card** details without your permission for a transaction where the cardholder does not need to be present (for example, buying something over the internet), you will not have to pay anything.
- If your **card** is used before you have received it, you will not have to pay anything.

12.13 Unless you have acted fraudulently or without reasonable care (for example by not following the advice in section 12.9), you will not be liable for losses caused by someone else which take place through your online banking service.

Account aggregation services

12.14 If you use an **account aggregation** service, you may be liable for any fraud or mistakes that happen on your accounts as a result.

Electronic purse

12.15 You should treat your **electronic purse** like cash in a wallet. If you lose your **electronic purse** or it is stolen, you will lose any money in it, in just the same way as if you lost your wallet.

12.16 However, unless we can show that you have acted fraudulently or without reasonable care, your liability for your **electronic purse** being misused will be as follows.

- If money is transferred to your **electronic purse** by unauthorised withdrawals from your account before you tell us it has been lost, stolen or misused, the most you will lose is £50.

12.17 You will not lose anything if money is transferred from your account to your **electronic purse** after you have told us it has been lost or stolen or that someone else knows your **PIN**.

13 Lending

Borrowing money

- 13.1** Before we lend you any money or increase your **overdraft**, or other borrowing, we will assess whether we feel you will be able to repay it. (For **credit cards** – see also section 10.11.)
- 13.2** If we offer you an **overdraft**, or an increase in your existing **overdraft** limit, we will tell you if your **overdraft** is repayable on demand (in other words, if you have to immediately pay back any amounts you owe when we ask you to).
- 13.3** If we cannot help you, we will explain the main reason why if you ask us to. We will give you this, in writing or electronically, if you ask.
- 13.4** If you want us to accept a **guarantee** or other **security** from someone for any amounts you owe, we may ask you for your permission to give confidential information about your finances to the person giving the **guarantee** or other **security**, or to their legal adviser. We will also:
- encourage them to take independent legal advice to make sure that they understand their commitment and the possible consequences of their decision (if appropriate, the documents we ask them to sign will clearly show this information);
 - tell them that, by giving the **guarantee** or other **security**, they may become liable instead of, or as well as, you; and
 - tell them what their liability will be.
- We will not take an unlimited **guarantee**.

Credit reference agencies

- 13.5** When you open your account or apply for a **card**, we will tell you when we may pass your details to **credit reference agencies** and the checks we may make with them.
- 13.6** We may give information to **credit reference agencies** about the personal debts you owe us if:
- you have fallen behind with your payments;
 - the amount owed is not being disputed; and
 - you have not made proposals we are satisfied with for repaying your debt, following our formal demand.
- 13.7** In these cases, we will give you at least 28 days' notice

that we plan to give information about the debts you owe us to **credit reference agencies**. At the same time, we will explain the role of **credit reference agencies** to you and the effect the information they provide can have on your ability to get credit.

- 13.8** We will give **credit reference agencies** other information about the day-to-day running of your account if you have given us your permission to do so.
- 13.9** If you ask, we will tell you how to get a copy of the information that **credit reference agencies** have about you, or their leaflets that explain how credit referencing works. You should contact the customer service teams at the following organisations:

Experian Ltd
PO Box 9000
Nottingham
NG80 7WF
www.experian.co.uk

Equifax Credit File
Advice Centre
PO Box 1140
Bradford
BD1 5US
www.equifax.co.uk

Callcredit Plc
PO Box 491
Leeds
LS1 1WX
www.callcredit.co.uk

We may also ask you to give your permission to use the information held by **credit reference agencies** to check identity for anti-money-laundering and fraud purposes – this does not affect your credit history.

14 Financial difficulties – how we can help

- 14.1** We will be sympathetic and positive when we consider any financial difficulties you may have. Our first step will be to try to contact you to discuss the matter.
- 14.2** If you find yourself in financial difficulties, you should let us know as soon as possible. We will do all we can to help you to overcome your difficulties. With your co-operation, we will develop a plan with you for dealing with your financial difficulties and we will tell you in writing what we have agreed.

14.3 The sooner we discuss your problems, the easier it will be for both of us to find a solution. The more you tell us about your full financial circumstances, the more we may be able to help.

14.4 If you are having difficulties, you can also get help and advice from debt-counselling organisations. We will tell you where you can get free money advice. If you ask us to, we will work with debt-counselling organisations, such as Citizens Advice, money advice centres or the Consumer Credit Counselling Service. Their contact details are as follows.

- **Advice UK**

Phone: 020 7407 4070

Website: www.adviceuk.org.uk

- **Citizens Advice**

Website: www.citizensadvice.org.uk

You can get the phone number of your local bureau from the phone book, the local library or from the website above.

- **Citizens Advice Scotland**

Phone: 0131 550 1000

Website: www.cas.org.uk

- **Consumer Credit Counselling Service**

Phone: 0800 138 1111

Website: www.cccs.co.uk

- **Money Advice Scotland**

Phone: 0141 572 0237

Website: www.moneyadvicescotland.org.uk

- **National Debtline**

Phone: 0808 808 4000

Website: www.nationaldebtline.co.uk

- **Payplan**

Phone: 0800 917 7823

Website: www.payplan.com

You should also be aware that there are other companies that charge a fee for managing your debts. It is your responsibility to check the fees that may be charged before asking these companies to act on your behalf.

14.5 If you have debts with many creditors, a debt-counselling organisation may complete a **Common Financial Statement** (or an equivalent statement we accept) on your behalf, which we will accept as the basis for negotiations with you in drawing up a debt-management plan.

14.6 In certain circumstances we may pass your debt to another organisation or debt-collection agency. When arranging how you will make your repayments, we will always choose reputable firms which agree to follow the Code.

14.7 In other circumstances, we may sell your debt. We will always choose reputable firms if we do this.

15 Complaints

Step 1 – Internal procedures

15.1 If you want to make a complaint, we will tell you how to do this and what to do if you are not happy with the outcome. Our staff will help you with any questions you have.

15.2 When you become a customer, we will tell you where to find details of our procedures for handling complaints fairly and quickly. These procedures meet the requirements of the Financial Services Authority.

15.3 When we receive your complaint, if we are not able to sort it out quickly, we will send you a prompt written acknowledgement to confirm that we are dealing with it.

15.4 We will keep you informed of our progress in dealing with your complaint.

15.5 If we have not already sent it, we will send you our final response within eight weeks (or explain why we are not in a position to make a final response) and tell you that you can refer your complaint to the Financial Ombudsman Service (if this applies). We will also enclose a copy of the leaflet explaining the Financial Ombudsman Service (if this applies).

Step 2 – Financial Ombudsman Service

15.6 The Financial Ombudsman Service (FOS) is a free, independent service which might be able to settle a complaint between a customer and a bank or building society. You can take your complaint to the FOS if you are not satisfied with our efforts to deal with it or if we have not completed our investigations within eight weeks of your complaint. The contact details of the FOS are as follows:

The Financial Ombudsman Service
 South Quay Plaza
 183 Marsh Wall
 London
 E14 9SR
 Phone: 0845 080 1800
 Website: www.financial-ombudsman.org.uk

16 Monitoring

- 16.1 We have a 'Code Compliance Officer' and our own auditing procedures make sure we meet the Code.

Banking Code Standards Board

- 16.2 The Banking Code Standards Board monitors banks and building societies to make sure they keep to this Code. It cannot deal with customers' complaints but can provide information on the standards that banks and building societies must meet. Their contact details are as follows:

Banking Code Standards Board
 Level 12, City Tower
 40 Basinghall Street
 London
 EC2V 5DE
 Phone: 0845 230 9694
 Website: www.bankingcode.org.uk

17 Getting help

- 17.1 If you have any enquiries about the Code, you should contact the British Bankers' Association, The Building Societies Association or APACS. Their addresses and phone numbers are shown at the front of this booklet. Or, contact the Banking Code Standards Board at the address above.

Copies of the Code

- 17.2 All financial institutions that follow this Code will make copies of it available to all their **personal customers** and have notices in all their branches and on their websites explaining that copies of the Code are

available and how you can get one.

- 17.3 You can get a copy of this Code and guidance notes on how this Code should be followed from the Banking Code Standards Board, whose contact details are given in section 16.2. You can also get a copy from the British Bankers' Association or The Building Societies Association or APACS at the addresses shown at the front of this Code.

Further information

- 17.4 You can get more information on a range of banking matters from the British Bankers' Association's (BBA) 'BankFacts' leaflets, and fact sheets and information leaflets from the Building Societies Association (BSA) and APACS. The BBA, BSA and APACS also have customer helplines. (The phone numbers are given at the front of this Code.)

17.5 Financial Services Compensation Scheme

We are part of the Financial Services Compensation Scheme (FSCS) set up under the Financial Services and Markets Act 2000. The FSCS pays compensation if an authorised firm cannot pay claims against it. The scheme is governed by FSA rules. For more details on the scheme, go to the FSCS website at www.fscs.org.uk or phone 020 7892 7300.

17.6 Dormant accounts and lost savings

You can make searches for **dormant account** and **lost savings**, including those falling within the **unclaimed assets scheme**, online at www.mylostaccount.org.uk. Or, you can get copies of claim forms for **dormant accounts and lost savings**, including unclaimed assets, from us or from the following:

FOR BANKS

Write to the British Bankers' Association at BBA Dormant Accounts, Pinners Hall, 105-108 Old Broad Street, London, EC2N 1EX. Or, phone 020 7216 8909 or download a copy from the website at www.bba.org.uk.

FOR BUILDING SOCIETIES

Write to the Building Societies Association at BSA Lost Accounts, 6th Floor, York House, 23 Kingsway, London, WC2B 6UJ. Or, phone 020 7437 0655 or download a copy from the website at www.bsa.org.uk.

Glossary

These definitions explain the meaning of words and terms used in the Code. They are not precise legal or technical definitions.

Account aggregation

Account aggregation services allow you to have details of some or all of the online accounts you hold with financial institutions, and other information, presented on one web page. These services may be provided by a financial institution (who you may already hold an account with) or through a website not owned by a financial institution.

Banker's reference

An opinion about a particular customer's ability to enter into, or repay, a financial commitment.

Banking and payment systems

The clearing, money transmission and computer systems that are controlled by financial institutions that follow the Code.

Base rate or Bank of England base rate

This is the rate the Bank of England considers every month and publicly announces any changes to.

Basic bank account

A basic bank account will normally have the following features:

- Employers can pay income directly into the account.
- The Government can pay pensions, tax credits and benefits directly into the account.
- Cheques and cash can be paid into the account.
- Bills can be paid by direct debit, by transferring money to another account or by a payment to a linked account.
- Cash can be withdrawn at cash machines.
- There is no overdraft.
- The last penny in the account can be withdrawn.

Card

A general term for any plastic card a customer may use to pay for goods and services or to withdraw cash. In this Code, it includes debit, credit, cheque guarantee, charge cards and cash cards. It does not include electronic purses or store cards.

Cash card

A card, other than a charge card or credit card, which allows the cardholder to withdraw cash from a cash machine.

Cash machine

An automated teller machine (ATM) or freestanding machine in which a customer can use their card to get cash, information and other services.

Charge card

A card which allows you to buy items and withdraw cash up to an arranged credit limit. The terms include paying the balance in full at the end of a set period. You will normally be charged a fee each year.

Clearing

Cheques

A cheque normally takes six working days to clear, as shown below.

- Day 0 – The collecting bank or building society receives the cheque.
- Day 2 – The account starts to earn interest on the money paid in or reduces the balance on which overdraft interest is charged. This is also the day on which the payer's bank account will be debited with the amount shown on the cheque.
- Day 4 (or day 6 for savings accounts) – The money is available to withdraw (if it is an account that allows withdrawals).
- Day 6 – By the end of the day, the customer can be certain that the money is theirs and cannot be reclaimed without their permission (as long as the customer has not deliberately committed fraud).

Up until the end of day 6, a cheque may still bounce and the money may be reclaimed from the payee's account.

Clearing of automated payments

- A new payment system is due to come into force from May 2008. The Faster Payments Service will allow electronic payments (usually made over the internet or phone) to be processed in hours rather than days. It will also be used to make quicker standing-order payments on bank working days. This service may not be available from all banks and building societies.
- If this same-day service is not used, automated payments will be processed on a three-day clearing cycle through Bacs. When you give an instruction to your bank to make an automated payment, the money will normally be taken from your account on the same day. Payments through Bacs may take longer than three working days for some financial institutions. However, if the account of the person you are paying is at the same bank as yours, the amount will usually be credited on the same day.

Common Financial Statement

A full review of the financial position of a customer in financial difficulties. This is filled in with the help of a money adviser. It allows you to offer repayments from your available income to a group of creditors. Although it exists in a standard format agreed by the industry, we may also agree to accept an equivalent form.

Credit card

A card which allows you to make purchases and withdraw cash up to an arranged credit limit. You can pay off the credit we grant you in full or in part by a set date. Interest is usually charged on the amount of any balance you still owe. In the case of cash withdrawals, interest is normally charged from the transaction date. You may also have to pay an annual fee.

Credit card cheque

A cheque drawn against a credit card account that gives the cardholder another way of accessing funds up to their credit limit. This is usually to make transactions where credit cards are not accepted. Interest is normally charged from the transaction date. Important features include the following.

- Credit card cheques may not provide the same level of protection as when you buy items with a credit card.
- There is usually a transaction fee for each cheque you use.
- The interest-free period of the credit card may not apply to the credit card cheque.

Credit reference agencies

Organisations, licensed under the Consumer Credit Act 1974, which hold information about people that is useful to lenders. Financial institutions may contact these agencies for information to help them make various decisions – for example, whether or not to open an account or provide loans or grant credit. Financial institutions may also give the agencies information.

Current account

An account with a bank or building society for managing day-to-day money.

Debit card

A payment card linked to a bank or building society account, used to pay for goods and services by taking the money from the cardholder's account direct. A debit card is usually also combined with other facilities such as cash card and cheque guarantee functions. Some debit cards, sometimes known as 'Solo' or 'Electron' cards, need to be authorised immediately for the retailer to be able to complete the transaction.

Direct debit

A pre-authorised debit on the payer's account set up by the payee (known as an originator). Direct debits are

typically used to make regular payments for debts such as utility bills and insurance payments and amounts may be variable.

Dormant accounts, lost accounts and unclaimed assets

Accounts that a customer has forgotten about or not used for an extended length of time. Under the unclaimed assets scheme due to be introduced in 2009, money from accounts which have not been used for a longstanding period will be transferred for use on community causes.

Electronic purse

Any card, or function of a card, which contains real value in the form of electronic money which someone has paid for beforehand. Some cards can be reloaded with more money and can be used for a range of purposes.

Fixed rate

An interest rate which is guaranteed not to change over a set period of time.

Fixed term

This applies to products and services which have a set lifetime. The customer may be charged if the financial institution agrees to change the product or service before it is due to end.

Guarantee

A promise given by a person called 'the guarantor' to pay another person's debts if that person does not pay them.

Interest

A charge for borrowing money, or a reward for saving money. It is usually shown as a percentage of the amount borrowed or saved.

Originator

A company (either a retail or service organisation) which collects payments from a customer's account in line with the customer's instructions. This only applies to direct debits or recurring transactions.

Other security information

Facts and information only you know that are used for identification when using accounts.

Out-of-date cheque

A cheque which has not been paid because the date written on the cheque is too old (normally older than six months).

Overdraft

A facility that allows you to spend more money from your account than you have in it.

Password

A word or an access code which you have chosen, to allow you to use a phone or internet banking service.

Personal customer

Any person who is acting for purposes which are not linked to their trade, business or profession. (This definition is based on the one used in European law and by the Financial Services Authority with the title of either 'consumer' or 'retail customer'.)

In practice, personal customers may act in a number of roles. The above definition does not include an individual acting, for example:

- as trustee of a trust such as a housing or NHS trust;
- as a member of the governing body of a club or other unincorporated association such as a trade body or a student union; or
- as a pension trustee.

Examples of personal customers acting in capacities that are included in the above definition are:

- personal representatives, including executors, unless they are acting in a professional role (for example, a solicitor acting as executor); and
- private individuals acting in personal or other family circumstances (for example, as trustee of a family trust).

PIN (personal identification number)

A confidential number which allows customers to buy things, withdraw cash and use other services at a cash machine. Instead of signing a receipt, you will often have to enter your PIN into a machine at the counter to authorise a transaction.

Prepaid card

A payment card where an amount of money is loaded onto it before it is used. The card can be used to buy goods and services, or may allow you to withdraw cash from cash machines. Charges may be applied for various services. Some prepaid cards can be reloaded.

Recurring transaction

A regular payment (other than a direct debit or standing order) collected from a customer's card account by an originator, in line with the customer's instruction. Recurring transactions are not covered by the Direct Debit Guarantee.

Savings account

Savings accounts are deposit-based. This means you'll usually get back the money you have put in, plus interest.

Security

A word used to describe valuable items such as title deeds to houses, share certificates, life policies and so on, which represent assets used as support for a loan or other liability. Under a secured loan, the lender has the right to sell the security if the loan is not repaid.

Standard account services

Opening, maintaining and running accounts for transmitting money (for example, by cheque or debit card). These services would normally be provided in basic or current accounts.

Standing order

An instruction from customers to their bank or building society to make regular automated payments of a specific amount.

Summary Box

This gives you a brief summary of the main features of the credit card, unsecured loan or savings account you are considering, so you can compare different products more easily.

Unpaid cheque

This is a cheque which, after being paid into the account of the person it is written out to, is returned 'unpaid' (bounced) by the financial institution whose customer issued the cheque. This leaves the person the cheque was written out to without the money in their account.

Working days

Monday to Friday, not including bank holidays.