Factsheet: Banking

As the name suggests, a basic bank account offers a place for you to store your money and pay your money from, without overdraft facilities or any in-credit interest.

Most basic bank accounts will give you a debit card, so you can make payments in shops and online, and all allow you to set up direct debits - which is great, as this can make bills cheaper than paying by cash or cheque.

From 1 January 2016, basic bank accounts will be free of all charges for the first time. However, it's still wise to know exactly what money you have in the account, and to manage it carefully as while the bank account won't charge you for unpaid direct debits, for example, you could still get charges from the company that hasn't been paid.

Who can open a basic bank account?

They're particularly designed for people with poor credit scores, who won't pass the credit check for standard bank accounts. Because of this, past credit problems - such as CCJs, defaults, or having been declared bankrupt in the past year - aren't usually a barrier.

However, you don't have to have credit problems to open a basic bank account. If you want an account to help you manage your money and which won't let you go overdrawn, you can also opt for one. Be specific, or the bank might try to push you into its standard account.

The only people who can't have a basic bank account are people with criminal convictions for fraud (people with other convictions can still apply and be accepted, subject to fulfilling the other account-opening criteria) or people who fail the bank's ID checks.

You'll need some form of identification to open a basic bank account - if you don't have that, you might be rejected. This isn't the bank being difficult, it needs to see certain specific documents to comply with money-laundering regulations.

Most banks will also do ID checks (but not credit checks) with credit reference agencies to check you are who you say you are - so don't worry if you see a search on your credit file from the bank.

What ID do you need to open a basic bank account?



To confirm who you are, you'll usually need one (original) of the following:

- Full, current passport
- Current European Union member state identity card
- Current UK photo card driving licence or UK full paper driving licence
- Identity card issued by the Electoral Office for Northern Ireland
- Benefit books/benefit entitlement letters; includes pension, child benefit, income support, disability and jobseeker's allowance
- HMRC tax notification or assessment letter

If you're struggling to provide these documents, there are other forms of ID you may be able to use.

If you can't provide any of the accepted forms of ID on the list, it's best to contact the bank to explain the situation - it'll be able to tell you if any other ID is acceptable.

Easiest-to-get basic bank accounts

While many banks offer these accounts, three banks seem to welcome basic bank account customers, and are far more proactive in helping them.

The three accounts which get this thumbs-up are Barclays Cash Card, Co-op Cashminder and Virgin Money's Essential Current Account (note that the Co-op's account isn't available to undischarged bankrupts).

All three banks say that as long as you have proof of address and pass ID checks, you can get a basic bank account.

None of the accounts will give an overdraft (Barclays has a £15 buffer). But you'll get a Visa debit card, and you can set up direct debits and standing orders.

Because you can't go overdrawn, you need to make sure you have enough money in the account to meet any payments. There's no fee from the banks for this, though you may face late fees or arrears charges from the company or organisation you were trying to pay.

However, if you try to make these payments too often without funds, there's a possibility these banks could cancel your direct debit facility, or close the account. We've heard of it happening, though we don't think it's common - and the bank should write to you before it does this.

Barclays, Co-op & Virgin Money basic bank account details

	Barclays Basic Current Account	Co-op Cashminder	Virgin Essential Current Account
Accepts those with an undischarged bankruptcy	✓	✗	✓
Accepts those in an IVA, DMP, DRO or discharged bankruptcy (1)	✓	✓	✓
Those with a record of fraud	✗	✗	✗
Minimum age	18 (similar accounts exist for 16-17 year olds)	16	18
ID required	Proof of address plus one piece of ID	Proof of address plus one piece of ID	Proof of address plus one piece of ID
Credit check needed?	No credit check is needed (although an identity check with a credit reference agency may be carried out)	No credit check is needed (although an identity check is made to a credit reference agency)	Yes, but only to confirm identity & check whether you're bankrupt
Allows direct debits and standing orders	✓	✓	✓
Free access to UK ATMs	✓	✓	✓
Visa debit card given	✓	✓	✓
Overdraft available	✗	✗	✗
In credit interest	Nil	Nil	1% AER
Unpaid direct debit charge	Nil	Nil	Nil
Open it	In branch	In branch/by post	In branch
Operate it	Phone/branch/online (can't have online access while bankrupt)	Phone/branch/online	Phone/branch/online or at the Post Office

(1) When you are made bankrupt, your assets (your possessions, home, income etc) can be used to pay your debts. Bankruptcy usually lasts 12 months and after this time you are discharged, or freed, from your bankruptcy debts.

Provider	Age bands (years)	Credit interest rate	Direct debits and standing orders	Cash card	Debit card	Cheque book	Product score
Minimum age 11 years							
Nationwide BS FlexOne [a]	11 to 17	1.00	Yes	Yes	Yes	No	80%
Santander 123 Mini Current	11 to 18	3.00 [b]	Yes	Yes	Yes	No	78%
Bank of Scotland Under 19s Account	11 to 15	2.50 [c]	Yes	Yes	Yes	No	71%
Lloyds Bank Under 19s Account	11 to 15	2.50 [c]	Yes	Yes	Yes	No	71%
TSB Under 19s Account	11 to 15	2.50 [c]	Yes	Yes	Yes	No	71%
NatWest Adapt [d]	11 to 18	1.00	No	No	Yes	No	63%
Royal Bank of Scotland Revolve [d]	11 to 18	0.55	No	No	Yes	No	57%
Danske Bank Discovery	11 to 17	0.00	Yes	Yes	Yes	No	44%
HSBC MyAccount [e]	11 to 17	0.00	Yes	Yes	Yes	Yes [f]	44%
Barclays BarclaysPlus [g]	11 to 15	0.25 - 0.75	See [h]	Yes	Yes	No	43%
Ulster Bank (NI) Adapt	11 to 18	0.00	No	No	Yes	No	28%
Minimum age 16 up to 19 years							
Bank of Scotland Under 19s Account [i]	16 to 18	2.50 [c]	Yes	Yes	Yes	Yes	93%
Lloyds Bank Under 19s Account [i]	16 to 18	2.50 [c]	Yes	Yes	Yes	Yes	93%
TSB Under 19s Account [i]	16 to 18	2.50 [c]	Yes	Yes	Yes	Yes	93%
Halifax Cardcash	16 to 17	1.51	Yes	Yes	Yes	No	64%
Clydesdale Bank Current Account Plus	16 to 17	0.00	Yes	Yes	Yes	Yes	50%
Yorkshire Bank Current Account Plus	16 to 17	0.00	Yes	Yes	Yes	Yes	50%
Barclays Young Persons Account	16 to 19	0.00	Yes	Yes	Yes	Yes	44%

Worksheet 9: Your Budget

Using the table below, estimate how much you think you would need to spend on each bill each week. Be realistic and if you aren't sure how much you would need to spend, guess. Then look at any ideas you have to cut costs.

	First guess or estimate	Improvements or suggestions
Rent		
Electricity		
Gas		
Council Tax		
Water Rates		
TV License		
Food		
Cleaning stuff		
Phone		
Toiletries		
Clothes		
Social life		
Transport		
Other e.g. wifi, sky, netflix		
Total		

Worksheet 10: Sample Budgets

Learning Objective: Explore how much it costs to live independently

Izzy is a 19 year old on Job Seekers Allowance. She gets £57.90 per week, which is £3,010 per year, averaging out at £250.90 per month. She stays in a council flat.

Callum is an 18 year old with a well-paid first job. His annual salary is £13,800, but after tax and other Government deductions, he actually takes home around £10,350, or £862 per month. He rents a room in a shared house from a private landlord. This saves him money on bills.

Items	**Callum's Budget**	**Izzy's Budget**
Rent	£85/£340 per month	Assume its covered by housing benefit (this is not always the case)
Electricity	£50 per month *(half the total for the flat)*	£80 per month if she's careful
Gas	£20 per month *(half the total for the flat)*	No gas in the flat
Council Tax	£60 per month *(half the total for the flat)*	Covered by benefits
Water rates	£20 per month *(half the total for the flat)*	£20 per month
TV License	£6 per month *(half the total for the flat)*	£12 per month
Food	£160 per month	£100 per month
Cleaning stuff	£9 per month	£5 per month
Phone	£30 per month	£20 per month
Toiletries	£15 per month	£6 per month
Transport	£40 per month	£15 per month
Total	£750	£258
	Callum has around £112 left each month for clothes going out and any extras.	Izzy spends a lot less than Callum and a lot of her purchases are from a basic range, but she is still down by £7 per month before she'd even paid for clothes, going out or any extras.

Worksheet 11: Living independently

Becks



Becks has an income of £750/month. She drives a very unreliable second hand car that always needs repairs. She works nearby.

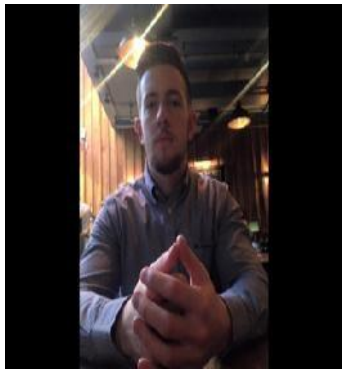
There is a bus stop and a train station next to where she works. In her spare time she enjoys writing music and sings in a local band at least once a week. She regularly eats take-away food. The only meal she knows how to cook is macaroni cheese.



Lottie

Lottie has an income of £450/month. She studies in Worcester and works part time in a bookshop. She is currently taking driving lessons. She enjoys parties and clubbing. She collects anything to do with The Minions and loves shoes. Usually she gets her shopping from the local corner shop.

Jammer



Jammer has an income of £850/month. He has a son aged three who lives with his ex-girlfriend in Redditch: the rest of his family also live in Redditch. When he was younger, he spent time in a Young Offender's Institute, although he hasn't been in any trouble since then. He plays football regularly for a Sunday League team. He smokes 20 cigarettes a day. He recently finished an apprenticeship to become a chef.

Budget Sheets

Using the table below, estimate how much you think your case study person would need to spend for each category listed every month. Be realistic and if you aren't sure how much something would be, make a guess. Then look at how they could improve upon this/make savings.

Name of case study person selected:		
	Current Costs	**Costs with savings made**
Rent		
Electricity		
Gas		
Council Tax		
Water rates		
TV License		
Food		
Cleaning stuff		
Phone		
Toiletries		
Transport		
Clothes		
Social Life		
Other i.e. Sky, Netflix, wifi		
TOTAL		

Worksheet 12: Running your own household

You need to be aware of the household skills needed to run a successful home, and what it takes to run a household. Let's take a look at your current skills. Tick one box to indicate how often if you (if ever) are ever asked to do the chore.

- Tick one box to indicate how often you (if ever) you actually do the chore.
- Put a * next to your least favourite task.

	I'm asked to do this all the time	I'm asked to do this occasionally	I'm never asked to do this		I do this all the time	I do this occasionally	I've never done this
e.g. walking the dog		✓					
Taking out the rubbish							
Tidying your room							
Washing up							
Cooking a meal							
Doing the hoovering							
Doing the washing							
Cleaning the kitchen							
Decorating a room							
Feeding the pet							
Ironing							
Cleaning the windows							
Defrosting the freezer							
Changing light bulbs							
Changing quilt cover/bed							
Can you think of any other household tasks? Add them below, then tick the boxes							

- **What are the pros and cons of leaving home?**

- **How much is done for you just now?**

- **Are there things you have never done before?**

- **Would you know how to do them?**

Worksheet 13: Domestic responsibilities

Learning objective: Understanding responsibilities of running a household. Discovering what's where and how to keep it working

QUESTION	ANSWER
Domestic maintenance	
1. What is your fuse box?	Your Fusebox – the fusebox (also known as consumer unit) should be easy to find. You should make sure you know where it is in case you ever need to turn the electricity off in an emergency. It usually contains three things, and they are used to control and distribute electricity around your home. They are: The main switch; Fuses and/or circuit breakers; and Residual Current Devices.
2. Where is your fuse box in your house?	
3. What is your electricity meter?	An electric meter or energy meter is a device that measures the amount of electricity used in a house, business, or an electrically powered device. Some meters are powered by putting in a card or key (these are Prepayment meters) and they are used like a Pay as You Go phone. With other meters you pay for your electricity by a monthly or quarterly bill. When a meter has two lots of numbers on it there are two rates of electricity (high and low peak). These meters are often referred to as Economy 7 or Variable meters.
4. Where is the electricity meter in your house?	
5. What is a stopcock?	In the UK a stopcock (not to be confused with a gate valve) is used to prevent the flow of water into a domestic water system. There are usually two stopcocks for a house. One is usually just outside the property boundary and can be used to isolate the building from the water supply. The other is inside the property where the supply enters the property. These valves are to allow maintenance and prevent flooding. You would turn this off if there was a leak or you were doing some work on your plumbing system.
6. Where is the stopcock in your house?	

QUESTION	ANSWER
7. What is the water tank?	A water tank provides for the storage of drinking water, irrigation agriculture, fire suppression, agricultural farming and livestock, etc. When discussing this, where there is an older water tank in place it is worth mentioning that by having a jacket (£12) on a water tank will save £20 (on average) a year on bills.
8. Where is the water tank in your house?	
9. What number you would call if you smell gas?	
10. What number would you call if you had a burst pipe?	
11. What number would you call if your bedroom ceiling fell in?	
Insurance	
12. What types of insurance are available for a house?	
13. What is the difference between the two?	
14. Why should you have insurance?	

Worksheet 14: What to do when a break-in occurs

You arrive home to find you have been burgled, what should you do? Give step by step instructions on what to do:

Firstly, if the front door is locked and you can't get in, or you think someone is still there, do not try to enter the building – call 999 immediately.

1. Stay as calm as you can.

2. Don't touch anything and call police.

3. Make a list of what's missing, without touching anything.

4. Police might come to your house - let them know what is missing, and get a crime number.

5. Call your insurance company and follow their instructions. You are likely to need to pay approximately £50 insurance excess, and so if you are claiming for less than £50 it may not be worthwhile making a claim.

6. Ask a Crime Prevention Officer to visit and give advice (this is a Police Officer)

7. Improve the security of property if possible. If you add alarms or a better lock system, or similar, do inform your insurer, it may reduce your bill.

Worksheet 15: What to do in a power cut

You are straightening your hair when they spark and all the electricity in the house goes off.

What do you do? Give step-by-step instructions on what to do.

NEVER TAKE ANY RISKS WITH ELECTRICITY

1. Stay as calm as you can.

2. Go to your fuse box and check if any of the switches are off.

3. Keep the electricity off.

4. Unplug the straighteners

5. Switch the fuse back on again.

Check fuse in plug of straighteners - or just buy new ones!

Worksheet 16: What to do in when water leaks

You arrive back from a day out to find water gushing out from a pipe, what do you do?

Give step-by-step instructions.

1. Stay as calm as you can.

2. If there is any electricity near to the water, turn off your electricity, immediately.

3. Go to your stopcock and turn it off; this will turn off your water

4. If you feel you are able to sort the problem yourself (it may be something minor has loosened, and you feel able to sort it). But if in any doubt, call a plumber.

5. Depending on the damage you may need to call your insurer to claim for redecoration, etc.

Evaluation

Do you feel you have a better understanding of what homelessness is and who it affects?

Who would you go to if you needed advice about leaving home or difficulties at home?

Did you feel that you got something out of attending the session today? i.e. learnt something you never knew?

Did anything surprise you about what you have learnt in these sessions? i.e. amount of people who sleep rough?

Would you recommend these sessions to your friends?

Is there anything you would like added to these sessions that would be useful for other young people to know?

Anything other comments you can add?