

23 March 2010

## The beginning of the end of free banking

Speculation is rife that in tomorrow's Budget, the Chancellor, Alistair Darling will announce that all UK citizens must be offered a basic bank account from UK banks if they want one.

Currently, basic bank accounts are available to the majority of customers, with only a few being declined in exceptional circumstances, including having a previous bankruptcy judgement against them.

**Michelle Slade**, spokesperson for [Moneyfacts.co.uk](http://Moneyfacts.co.uk) commented:

"Basic bank accounts were originally set up with the aim of giving banking facilities to all, but banks still had the final say.

"Basic bank accounts appeal to customers who are worried about overspending, as they do not allow you to go overdrawn.

"You can only spend the balance of your account; however, you still need to keep an eye on your funds to cover any standing orders or direct debits. If there is not enough money in your account to pay these, they will be rejected and you will be charged.

"Without banking facilities and the ability to pay by direct debit, many customers find themselves having to pay a higher price for the same amenities, such as their utility bills.

"By making it a legal right to have banking facilities, the less well off customers will get a fairer deal.

"Banks will inevitably face higher costs if this legislation is passed, with the cost recovered through standard banking customers.

"The change could be another nail in the coffin for free banking, with banks looking to regain the additional cost potentially through the introduction of monthly fees.

"Virgin Money has already stated that when it launches a current account, it will look to charge a monthly fee, albeit with the overdraft charges included within it. This may open the flood gates for other providers to follow suit.

"Already, the number of fee paying accounts has more than doubled in the last five years and this is only going to increase further.

"While the heart of this initiative is in the right place, in practical terms it may cause more expense for the majority of customers further down the line."

## Appendix

Provider	Account	Rate at £1	Standing Orders	Direct Debits	Account Operation
Alliance & Leicester	Basic Cash Account	-	No	Yes	Post Office, WAP, Postal, Branch, Internet,
Barclays Bank	Cash Card	-	Yes	Yes	Post Office, Branch,
Clydesdale Bank	Readycash	-	Yes	Yes	Post Office, Branch, Internet, Telephone,
Coventry BS	BranchSaveMoneyManager	0.1	Yes	Yes	Branch,
Coventry BS	CallSaveMoney Manager	0.15	Yes	Yes	Internet, Telephone,
HSBC	Basic Bank Account	-	Yes	Yes	Post Office, Postal, Branch, Internet, Telephone,
Halifax	Easycash	-	Yes	Yes	Post Office, Postal, Branch, Internet, Telephone,
Lloyds TSB	Cash Account	-	Yes	Yes	Post Office, Postal, Branch, Internet, Telephone,
Nationwide BS	Cash Card	-	Yes	Yes	Post Office, WAP, Postal, Branch, Internet, Telephone,
NatWest	Step	0.1	Yes	Yes	Post Office, Postal, Branch, Internet, Telephone,
Norwich & Peterborough BS	Basic Banking	-	Yes	Yes	Postal, Branch, Internet, Telephone,
Royal Bank of Scotland	Key	0.1	Yes	Yes	Post Office, Postal, Branch, Internet, Telephone,
Royal Bank of Scotland	Cash Account	0.1	No	No	Post Office, Postal, Branch, Internet, Telephone,
Santander	Basic Account	-	Yes	Yes	Post Office, Branch, Internet, Telephone,
The Co-operative Bank	Cashminder	-	Yes	Yes	Post Office, Postal, Branch, Internet, Telephone,
Yorkshire Bank	Readycash	-	Yes	Yes	Post Office, Branch, Internet, Telephone,

Source: Moneyfacts.co.uk 23.3.10

## About Moneyfacts.co.uk

Moneyfacts.co.uk is the UK's leading **independent** provider of personal finance information. For the last 21 years, Moneyfacts' information has been the key driver behind many personal finance decisions, from the Treasury and the Bank of England to the high street.

Our increasingly popular consumer website [www.moneyfacts.co.uk](http://www.moneyfacts.co.uk) **helps customers make better financial decisions** and gives them the ability to check the latest best buy products and to search the **whole market** for products that suit their individual circumstances.

Moneyfacts.co.uk also supplies best buy charts to many of the UK national and regional newspapers, with a total weekly readership in excess of 22,000,000. Moneyfacts.co.uk also provides the personal finance data that powers many UK online comparison websites.

Our dedicated research experts produce three monthly publications as well as providing real time news and data services to the majority of banks and building societies. Additional information can be found at [www.moneyfactsgroup.co.uk](http://www.moneyfactsgroup.co.uk).

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Looking for extra comment, a chart or more information, then please give us a call. We are always more than happy to help.

Press Office	<b>Darren Cook</b> Head of Press & PR	01603 476207 <a href="mailto:dcook@moneyfacts.co.uk">dcook@moneyfacts.co.uk</a>
	<b>Michelle Slade</b> Press Officer	01603 476454 <a href="mailto:msslade@moneyfacts.co.uk">msslade@moneyfacts.co.uk</a>
	<b>Louise Holmes</b> Press Officer/Administrator	01603 476204 <a href="mailto:lhomes@moneyfacts.co.uk">lhomes@moneyfacts.co.uk</a>
Out of hours	<b>Darren Cook</b> Head of Press & PR	07803 899935
	<b>Michelle Slade</b> Press Officer	07803 145643
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