

Bank Current Account Issues

When experiencing financial difficulties, it is common that current accounts are in overdraft each month. This can result in additional charges made to the account as well as the interest costs. Sometimes Direct Debits can be rejected and Standing Orders and cheques will not be honoured; again often resulting in fees or charges.

Alternative Payments Methods

It is worth considering other methods of payment for Priority Bills (rent/mortgage, Council Tax, water charges and other utilities; see *Information Sheet; Priority Payments*). You can pay these by using a payment book or prepayment card for electricity/gas. These methods of payment put you in control and don't result in charges if you are a bit late in paying. However, it is important to set money and time aside each month (otherwise you may forget) to make these payments.

Direct Debits & Standing Orders

Cancelling Direct Debits and Standing Orders may be appropriate if you are making reduced payments to your unsecured creditors. Do this as soon as possible. You must do this with both your bank and the creditors in writing. You can request a payment book from the creditors at the same time.

Making alternative Banking Arrangements

Having your earnings and other income paid into another bank account may become necessary if you have a loan with your bank as well as an overdraft. This may be particularly applicable if they have refused to stop Direct Debit payments being taken from the account.

If this happens have salary and other income paid into another account. If you have an alternative simple "no credit facility account", use that. Otherwise, open a current account with another bank or building society where you can have cheques, a cash card and arrange Direct Debits and Standing Orders. If you are refused a current account because of your financial problems, you may consider a basic savings account with a passbook at a convenient building society or bank. You can then contact the Wages/Salaries dept. At work and request your salary to be paid into the new account. You do not have to disclose why you are opening alternative banking facilities to the new bank or to your employer.

Once you have made new arrangements, you will be completely in control of your income to pay your priority bills and basic living expenses, and you will not incur charges.

Treating Overdraft as an Unsecured Debt

Once you have changed your banking arrangements, you can contact your original bank holding the overdraft and offer a Token or Pro-rata offer of payment as they are included as one of your unsecured creditors.