

Bank accounts for community groups

Information for community groups about choosing a bank and opening an account

Most community groups need to have a bank account in the name of the group. It is important for keeping track of your group's money and making sure it does not get mixed up with individuals' money. You also need a bank account in order to apply for grants, and should have one if you are collecting donations or fees.

This sheet contains guidelines on choosing a bank and opening an account, and a list of bank accounts available to community groups.

How to open an account

Opening a bank account for your community group can take several weeks, or even a few months. Be careful to fill the application form in thoroughly and send all the information that is requested. The bank may still write to ask for further details before opening the account.

Before applying for an account, check that:

- ♦ The account is specifically for community groups, or charities if your group is a charity. Banks usually refer to community groups as "Clubs and Societies". Note that some banks only offer accounts to registered charities.
- ♦ The account is not for businesses. Banks usually charge for business accounts. (Confusingly, community accounts are usually managed by the same team in the bank as business accounts and will be listed on bank websites under "Business" rather than "Personal". So you will need to go to the Business section of the website, but choose a Community or Club and Society account.)
- ♦ Offers "free banking". This means you won't have to pay any charges simply for having the account. (You will probably still have to pay for things like going overdrawn, stopping cheques or requesting extra statements.)

To open a Club and Society account you will be asked for proof that your group is a voluntary, non-profit-making organisation and not a private business.

This could be one of the following:

- ♦ Copy of your group's Constitution
- ♦ Charity Registration confirmation / Trust deed (if group is a charity)
- ♦ Memorandum and Articles of Association (if the group is a limited company)

Some banks may require other information about your group, such as the minutes of a meeting which records agreement about the specific choice of bank.

Make sure you set your account up so that at least two people are required to sign each cheque, or approve withdrawals. Have at least three people who are named as 'signatories' for the account, any two of whom can sign cheques.

The signatories should be people with good credit ratings (i.e. no 'bad debts') as the banks will run credit checks on all the signatories.

Unless they have an account with that bank already it will usually be necessary for them to go to the branch in person with:

- ♦ Proof of identity – e.g. driving licence, passport, child benefit book
- ♦ Proof of address – e.g. utilities bill, benefit book, tax demand

New applicants may also need to provide several months' worth of personal bank statements, or other proof of their financial situation.

Most banks now offer internet banking and the use of debit cards. These are very convenient but do not generally give the security of a cheque payment that requires two signatories. Your group will need to set up an internal system to ensure the account is checked on a regular basis and that all internet and card payments have to be approved by two people. For more information on how to look after your money and keep your accounts see our information sheets *Your group's money*, *Financial Rules* and *Treasurer's role*.

Choosing a bank

Most high street banks offer some kind of community group account.

It's important to make sure the account meets your group's particular needs. Does it provide the banking methods you want (e.g. cheque book, internet banking, phone banking, debit card)? Is there a branch located in a place that is convenient for your group? Some groups also choose to consider whether they feel happy with the ethics of the bank they use. The Move your Money campaign¹ provide advice about this.

United States tax status

Because of US law, banks usually check whether any of the signatories on your bank account are US taxpayers. To do this, most banks only need you to confirm whether you are a US tax payer or not. However, some banks require all new applicants to complete quite a complicated form (a W8-BEN-E form). If a bank asks you to complete a W8-BEN-E form, and it feels arduous, you could choose to go to another bank. (Currently, we are only aware that HSBC are asking groups to fill in this form.)

Bank accounts for community groups

Below are some bank accounts that are available for community groups. This is intended as an introduction to get you started. It's not an exhaustive list, and we are not recommending these over any others. Banks and building societies may also decide to stop offering community accounts so do check with the bank/building

¹ medium.com/move-your-money

society first. These accounts are all available to unregistered community groups and charities.

Lloyds Bank Treasurer's Account

- ♦ lloydsbank.com/business/retail-business/current-accounts/treasurers-account
- ♦ Apply online or call 0800 056 0056.
- ♦ You can manage the account in Lloyds Bank branches, online or over the phone.
- ♦ Cheque book, paying in book and debit card provided.
- ♦ Free banking for organisations with income under £50,000 per year.

Natwest Community Account

- ♦ www.business.natwest.com/business/start-ups/accounts/current-accounts/community-account
- ♦ Apply online or call on 0345 7 11 44 77.
- ♦ You can manage the account over the counter at Natwest branches, by phone, online or on a mobile banking app.
- ♦ Cheque book, paying in book and debit card provided.
- ♦ Free banking for organisations with income under £100,000 per year.

Metro Bank Community Current Account

- ♦ metrobankonline.co.uk/business/current-accounts/products/community-current-account
- ♦ Apply by going into your local branch
- ♦ You can manage the account over the counter at Metro Bank branches or by phone or online.
- ♦ Cheque book and paying in book provided.
- ♦ Free banking (up to 200 transactions per month, and up to £10,000 per month).

Royal Bank of Scotland Community Account

- ♦ business.rbs.co.uk/business/start-ups/accounts/current-accounts/community_account
- ♦ Apply online or call 0345 600 2230.
- ♦ You can manage the account over the counter at Natwest branches, by phone, online or on a mobile banking app.
- ♦ Debit card, cheque book and paying in book provided.
- ♦ Free banking for groups with income under £100,000 per year.

Bank of Scotland Treasurer's Account

- ♦ business.bankofscotland.co.uk/0-3m-turnover/business-accounts/treasurers-account
- ♦ Specifically for not-for-profit organisations with income under £50,000 per year.
- ♦ Apply online or call 0345 606 0286
- ♦ You can manage the account at Post Office branches by phone and online.
- ♦ Debit card, cheque book and paying in book provided.
- ♦ Free banking.

Santander Treasurer's Current Account

- ♦ santander.co.uk/uk/business/clubs-charities-accounts/treasurers-current-account
- ♦ Specifically for not-for-profit organisations with income under £250,000 per year.
- ♦ Apply in a Santander branch or call 0800 068 7010.
- ♦ You can manage the account at Santander branches, Post Office branches, by phone, online and on a mobile app.
- ♦ Debit card, cheque book and paying in book provided.
- ♦ Free banking.