

# Bank accounts for community groups

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

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## Guidelines on opening an account

Opening a bank account 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 it:

- ◆ 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.
- ◆ 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 deeds (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. You can have a pool of 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 *Role of the Treasurer* and *Financial Rules*.

## Choosing a bank

Most high street banks offer some kind of community group account. Your group may find it easiest to use a bank that the treasurer banks with personally, or one that has a branch close by. However, bear in mind that other group members or future treasurers may live elsewhere, or bank with a different bank personally, so it's usually best not to make this the only factor in your decision making.

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?). Some groups also choose to consider whether they feel happy with the ethics of the bank they use. The Move your Money campaign provide advice about this.<sup>1</sup>

## US tax status

Because of US law, banks usually check whether any of your signatories are US taxpayers when you apply for an account. To do this, most banks only need you to confirm whether you are a US taxpayer or not. However, some banks require all new applicants to complete quite a complicated US 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.)

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<sup>1</sup> <https://medium.com/move-your-money>

# 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 society first.

## Natwest Community Account

- ♦ Suitable for community organisations with annual income under £100,000.
- ♦ Apply by calling them on 0800 056 1388.
- ♦ You can manage the account over the counter at Natwest branches, or by phone or online.
- ♦ Cheque book, paying in book and debit card provided.
- ♦ Free banking.
- ♦ <https://www.business.natwest.com/business/startups-and-SME/small-business-bank-accounts/community-account.html>

## Lloyds Bank Treasurers' Account

- ♦ Suitable for community organisations with annual income under £50,000.
- ♦ Apply online or call them on 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.
- ♦ <https://www.lloydsbank.com/business/retail-business/current-accounts/treasurers-account.asp>

## Metro Bank Community Current Account

- ♦ Suitable for community organisations with monthly income under £10,000.
- ♦ Apply by going into your local branch.
- ♦ Call them on 0345 08 08 508 to speak to the Customer Services Team.
- ♦ 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/month).
- ♦ <https://www.metrobankonline.co.uk/business/everyday-banking/products/current-accounts/community-current-account/>

## Royal Bank of Scotland Community Account

- ♦ Suitable for all community organisations and charities (both registered and unregistered)
- ♦ To apply for an account phone 0800 056 1387.
- ♦ You can manage the account over the counter at Royal Bank of Scotland branches or any Post Office.
- ♦ Cheque book and paying in book provided.
- ♦ Free banking (up to £100,000 per annum turnover).
- ♦ <https://www.business.rbs.co.uk/business/startups-and-SME/small-business-bank-accounts/community-account.html>