

Opening a bank account

From starting up in business to storing funds for future use, there are many reasons why you may need to open a bank account for UK business transactions. There are a range of issues to take into consideration, including choosing the best bank for you and selecting the right product for your needs. No matter what your reason for opening a bank account in the UK, Aster and Trujillo are on hand to help. Here, we take a look at UK bank accounts and how you can go about opening one.

An introduction to banking in the UK

There are currently 344 banks and 52 building societies in the UK. A person seeking to open a bank account in the UK has many different options available to them. Banks offer various products, including:

- **Current accounts:** these allow you to make use of a wide range of everyday personal and business banking services for receiving money, paying bills and setting up standing orders and direct debits.
- **Savings accounts:** savings accounts permit individuals to build up their savings and to accommodate transfers of temporary surplus funds from and to a current account. The type of savings account you choose will depend on your circumstances.
- **Retirement accounts:** these accounts are designed to help individuals save for their retirement.

Depending on their situation, business owners also need to consider loans, business banking advice, insurance and much more. Always remember that banking requirements vary from business to business, so it's important to find the product that works for you and your needs.

Whilst consumers can still walk into a local branch of their chosen bank, online and digital banking have risen in popularity – we consider alternatives to physical banks elsewhere in this factsheet.

High street banks

There are many high street banks for individuals to choose from, including:

- HSBC Holdings
- Lloyds Banking Group

- Barclays
- Standard Chartered
- Santander
- Natwest
- TSB Bank
- Halifax.

Please note this list is not exhaustive.

Those seeking to use a high street bank should consider the options available to them. Consumer association Which? compiles a list of recommended providers – this can be found here: bit.ly/37mWd85.

Accounts for residents

To open a business bank account in the UK, residents will need to provide documents to prove their identity and their address. The most common way of proving your identity is by presenting a valid passport. However, a driving licence, national ID card or a biometric residence permit may also be accepted as forms of identification.

When seeking to open a bank account, it's best practice to check with your chosen bank as to what you are required to do. Typically, you should collect the documents you require and complete an application form; book an appointment with a local branch of your bank; attend the appointment and make your initial deposit; and await the arrival of your bank card and personal identification number (PIN) by post.

Residency

To open a business bank account in the UK, you must submit your proof of residence to your chosen bank. Using the residency option, an individual must purchase or rent a residence in the UK, and can use a utility bill as proof of address. There are, however, some restrictions associated with using the residency option:

- Your office must be separate to your home, and your registered office address must be different to your home address.
- You cannot reside at your office; you must live in a residential property.
- You may not be in the UK for long enough to be considered a UK resident. Indeed you may not want to be UK resident for tax purposes. You're automatically resident for tax purposes if you spent 183 or more days in the UK in the tax year. A tax year starts on 6 April and ends on the following 5 April.

Proof of address

To use UK banks' services and open a business bank account, you must provide proof of your address. Typically, an individual may choose to use a recent bill to confirm their address. However, those who have newly arrived in the UK won't have a bill confirming their address readily available. Here we consider the different types of proof of address.

Types of proof of address

Each bank has a list of documents that can be used as proof of address. Some will require the original document to be presented; others accept

copies or print outs. Many banks in the UK accept the following as proof of address:

- a valid UK driving licence
- a utility bill (including a gas, electricity, water or landline phone bill)
- a council tax bill
- a recent bank statement or credit card statement
- a recent Credit Union or Building Society statement
- a tenancy agreement.

Keep in mind that, if using a bill as proof of address, it must be recent, and no more than four months old. If you use a council tax or a water bill, it must be from the past year.

Accounts for non-residents

Individuals ordinarily working overseas with business interests in the UK will not be UK resident so will need to consider alternatives. Most banks provide international accounts to non-UK residents, and these accounts are designed specifically for non-residents. An international offshore UK bank account may be something to consider. Offshore accounts typically require larger deposits than regular bank accounts, and they can offer favourable tax arrangements. Each bank will have different qualifying criteria, and application will need to be made directly to the bank to see if it is appropriate for your needs.

If you are not a UK resident and need to open a business account, another option for you may be online banking (see below).

Alternative banks

A wide range of alternatives to high street banks exist. These include online and digital banks, such as Starling Bank, Revolut, Tide and Monzo. Mobile banking has risen in popularity: almost 90% of respondents to one survey said they regularly use mobile banking.

Digital banks and mobile banking are convenient for people with busy, fast-paced lives: payments can be made and received on the go, and individuals can easily keep track of their spending. Accounts can be created no matter where you are, and many providers offer real-time notifications. Most banks also provide banking apps for smartphones, and these can be used to view your finances whilst you are on the move.

Additionally, many of these accounts provide the facility to have accounts in multiple currencies. Transferwise Business, for example, allows individuals to open a free international business account, from which individuals can send and receive funds in multiple currencies. Find out more here: bit.ly/2YuuRsF.

Prepaid cards

Prepaid cards allow you to load money onto them, which can then be spent in shops and other establishments. Prepaid cards can be used in a similar fashion to bank accounts. Individuals applying for a prepaid card aren't subject to a credit check and no bank account is required, which simplifies the application process.

Mastercard provides a prepaid card service – find out more here: bit.ly/3dVLMlf.

Here at Aster and Trujillo, we have many years' experience in helping clients manage their business finances. For more information, please get in touch.

ASTER & TRUJILLO

3-7 Temple Avenue, Temple Chambers, London EC4Y 0HP
 Tel: + 44 (0) 20 7190 9812 Fax: + 44 (0) 20 7190 9813
uk@astertrujillo.co.uk www.astertrujillo.co.uk