

# 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 information sheet covers:

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If your group cannot open a bank account for some reason, or you need a system to use while you wait for your account to be opened, you may want to consider using a fiscal hosting service like the one provided by The Social Change Nest CIC<sup>1</sup>. The Social Change Nest acts like a bank and holds money on behalf of your group. It is designed specifically for community groups who do not have bank accounts, and you can use their online platform to manage your incoming and outgoing money. There is a set up cost of £42 and then a fee of 5-7% on incoming funds.

## 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 more 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

<sup>1</sup> <https://thesocialchangenest.org/services-initiatives/fiscal-hosting/>

“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.)

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. If possible, it’s a good idea to 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. The bank will ask for their personal details, including date of birth and home addresses for the past three years.

Unless they have an account with that bank already, the signatories will need to provide:

- ♦ Proof of identity – e.g. driving licence, passport
- ♦ Proof of address – e.g. utilities bill, benefit letter, 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. Some banks offer online dual authorisation for bank transfers. Alternatively, your group could 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, Role of the Treasurer* and *Financial Rules*.

## Tax residency form

Several banks have recently begun sending out forms to organisations who open bank accounts with them, which ask about your tax residency. We have put together some information for small groups in the UK on how to fill in this form (it’s less complicated than it looks!). Search on our website for *Entity Tax Residency Self-certification form*.

# 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. For example:

- ♦ 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 treasurer?
- ♦ Are any of your signatories already customers of the bank?
- ♦ Does the bank charge for the types of transaction you are likely to need?
- ♦ Is the account only available for registered charities?

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>2</sup>

The table on the next page gives a quick summary of some of the key account features of the bank accounts listed in this sheet. There is more detail about each account on the following pages.

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<sup>2</sup> <https://medium.com/move-your-money>

## Summary of account features

Account name	No monthly charge?	No transaction fees?*	For unregistered groups?	For charities?	Online dual authorisation?	Debit card?	For people new to the bank?
Bank of Scotland Community Account for Clubs and Societies			✓		✓	✓	✓
Bank of Scotland Community Account for Charities	✓	✓		✓	✓	✓	✓
Barclays Charity and Impact Account	✓	✓		✓	✓	✓	✓
CAF Cash Account		✓	✓	✓	✓	✓	✓
Co-operative Bank Community Directplus	✓	✓		✓	✓	✓	✓
HSBC Charitable Bank Account			✓	✓	✓	✓	✓
Lloyds Bank Community Account for Clubs and Societies		✓	✓		✓	✓	✓
Lloyds Bank Community Account for Charities	✓	✓		✓	✓	✓	✓
Metro Bank Community Current Account	✓	✓	✓	✓		✓	✓
Natwest Community Account	✓	✓	✓	✓	✓	✓	
Royal Bank of Scotland Community Account	✓	✓	✓	✓		✓	
Santander Treasurer's Current Account	✓	✓	✓	✓		✓	
Unity Trust Business Current Account		✓	✓	✓	✓		✓
Virgin Money Charities Choice Account	✓	✓		✓	✓	✓	✓
Virgin Money Clubs and Societies Account			✓		✓	✓	✓
Wave Community Bank	✓	✓	✓	✓			✓

\*Check the list below for specific information about transaction charges on each account

# 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.

## Bank of Scotland Community Account for Clubs and Societies

- ♦ <https://business.bankofscotland.co.uk/business-accounts/community-account.html>
- ♦ Account for unregistered community groups with income below £250,000 per year
- ♦ £4.25 monthly charge
- ♦ Charges for transactions but the first 100 online transactions per month are free
- ♦ Counter services at Bank of Scotland branches or Post Offices
- ♦ Debit card
- ♦ Online banking with dual authorisation
- ♦ Maximum of 4 signatories
- ♦ Apply online

## Bank of Scotland Community Account for Charities

- ♦ <https://business.bankofscotland.co.uk/business-accounts/community-account.html>
- ♦ Only for registered charities with income below £50,000 per year
- ♦ No monthly charge
- ♦ No charges for day-to-day banking
- ♦ Counter services at Bank of Scotland branches or Post Offices
- ♦ Debit card
- ♦ Online banking with dual authorisation
- ♦ Maximum of 4 signatories
- ♦ Apply online

## Barclays Charity and Impact Account

- ♦ <https://www.barclays.co.uk/business-banking/accounts/community-organisations/>
- ♦ Only for registered charities, co-ops or CICs
- ♦ Must have 3 or fewer trustees/officers
- ♦ Free banking for organisations with annual income below £100,000
- ♦ Counter services at Barclays branches or Post Offices
- ♦ Debit card
- ♦ Online banking with dual authorisation

## CAF Cash Account

- ♦ <https://www.cafonline.org/home/caf-bank/current-account>
- ♦ Unregistered community groups can apply
- ♦ £5 monthly charge
- ♦ No charges for most day-to-day transactions but they do charge for some things (including cheque payments)
- ♦ Interest paid
- ♦ Counter services at Post Offices, HSBC or RBS branches (choose one bank or the other)
- ♦ Debit card
- ♦ Online banking with dual authorisation

## Co-operative Bank Community Directplus

- ♦ <https://www.co-operativebank.co.uk/business/products/current-accounts/community-directplus/>
- ♦ Only for registered charities, co-ops or CICs
- ♦ Free banking for organisations with income below £1 million per year
- ♦ Counter services at Co-op bank branches or Post Offices
- ♦ Debit card
- ♦ Online banking with dual authorisation
- ♦ Apply online

## HSBC Charitable Bank Account

- ♦ <https://www.business.hsbc.uk/en-gb/products/charity-banking-community-account>
- ♦ Unregistered community groups can apply, if your aims are charitable
- ♦ £5 monthly charge
- ♦ 12 months of free banking for new groups or after switching from another bank, but then charges apply for most counter services, cash and cheque payments in and out of the account. Online and debit card banking free
- ♦ Counter services at HSBC branches or Post Offices
- ♦ Debit card
- ♦ Online banking with dual authorisation
- ♦ Apply online

## Lloyds Bank Community Account for Clubs and Societies

- ♦ <https://www.lloydsbank.com/business/business-accounts/community-account.html>
- ♦ Account for unregistered community groups with income below £250,000 per year
- ♦ £4.25 monthly charge
- ♦ Charges for transactions but the first 100 online transactions per month are free
- ♦ Counter services at Lloyds branches or Post Offices
- ♦ Debit card
- ♦ Online banking with dual authorisation
- ♦ Maximum of 4 signatories
- ♦ Apply online

## Lloyds Bank Community Account for Charities

- ♦ <https://www.lloydsbank.com/business/business-accounts/community-account.html>
- ♦ Only for registered charities with income below £50,000 per year
- ♦ No monthly charge
- ♦ No charges for day-to-day banking
- ♦ Counter services at Lloyds branches or Post Offices
- ♦ Debit card
- ♦ Online banking with dual authorisation
- ♦ Maximum of 4 signatories
- ♦ Apply online

## Metro Bank Community Current Account

- ♦ <https://www.metrobankonline.co.uk/business/current-accounts/products/community-current-account/>
- ♦ Unregistered community groups can apply. Maximum annual income £250,000.
- ♦ Free banking (up to 200 transactions per month, and up to £10,000 per month)
- ♦ If your group is based in Brighton & Hove, this branch has provided us with some specific contact information and other details.<sup>3</sup>
- ♦ Maximum of 3 signatories
- ♦ Counter services at Metro branches and Post Offices
- ♦ Debit card
- ♦ Online banking, but dual authorisation only available at an additional cost of £25 per signatory to set it up and £20 per month
- ♦ Apply by going into your local branch

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<sup>3</sup> <https://www.resourcecentre.org.uk/wp-content/uploads/2023/05/Metro-bank-additional-info-May-2023.pdf>

## Natwest Community Account

- ♦ <https://www.business.natwest.com/business/bank-accounts/community-bank-account.html>
- ♦ Unregistered community groups can apply
- ♦ At least one of the signatories must be an existing Natwest customer
- ♦ Free banking for organisations with income under £100,000 per year
- ♦ Maximum of 4 signatories
- ♦ Counter services at Natwest branches or Post Offices
- ♦ Debit card
- ♦ Online banking with dual authorisation
- ♦ Apply online

## Royal Bank of Scotland Community Account

- ♦ <https://www.business.rbs.co.uk/business/bank-accounts/community-bank-account.html>
- ♦ Unregistered community groups can apply
- ♦ At least one of the signatories must be an existing RBS customer
- ♦ Free banking for groups with income under £100,000 per year
- ♦ Maximum of 4 signatories
- ♦ Counter services at Natwest branches or Post Offices
- ♦ Debit card
- ♦ Online banking but dual authorisation not available

## Santander Treasurer's Current Account

- ♦ <https://www.santander.co.uk/uk/business/clubs-charities-accounts/treasurers-current-account>
- ♦ Unregistered community groups can apply
- ♦ Currently only accepting applications from existing Santander customers
- ♦ Specifically for not-for-profit organisations with income under £250,000 per year.
- ♦ Free banking
- ♦ Maximum of 3 signatories
- ♦ Counter services at Post Offices (but not at Santander branches)
- ♦ Debit card
- ♦ Online banking, but no dual authorisation
- ♦ Apply by calling 0330 678 2509 and they will arrange for a business manager to contact you and complete an application



## Unity Trust Business Current Account

- ♦ <https://www.unity.co.uk/business-banking/business-current-account/>
- ♦ Unregistered community groups can apply
- ♦ £6 monthly charge
- ♦ Free day-to-day banking if your annual income is below £100,000
- ♦ Counter services at Natwest branches or Post Offices
- ♦ No debit card on this account
- ♦ Online banking with dual authorisation
- ♦ Apply online

## Virgin Money Charities Choice Account

- ♦ <https://uk.virginmoney.com/business/charities-clubs-and-societies/charities-choice-account/>
- ♦ Only for registered charities
- ♦ Free banking for organisations with income under £1 million per year
- ♦ Counter services at Virgin Money branches or Post Offices
- ♦ Debit card with 0.35% cashback
- ♦ Online banking with dual authorisation
- ♦ Apply online

## Virgin Money Clubs and Societies Account

- ♦ <https://uk.virginmoney.com/business/charities-clubs-and-societies/clubs-and-societies-account/>
- ♦ Account for unregistered community groups
- ♦ Free banking if you make 10 transactions or fewer in a month
- ♦ In months with more than 10 transactions, £6.50 monthly charge and charges for day-to-day banking will apply
- ♦ Counter services at Virgin Money branches or Post Offices
- ♦ Debit card with 0.35% cashback
- ♦ Online banking with dual authorisation
- ♦ Apply online

## Wave Community Bank

- ◆ <https://wavecb.org.uk/business-savings/>
- ◆ Available only for organisations based in East Sussex or Brighton & Hove. If you do not live in Sussex, you can see if there is credit union near you that offers a similar service to Wave.<sup>4</sup>
- ◆ This is a savings account, not a normal current account
- ◆ £5 initial membership fee, but no ongoing charges
- ◆ Apply by filling in their Business Application Form.<sup>5</sup> For further information, see their Business Membership FAQ<sup>6</sup> or contact them by phone or email.<sup>7</sup>
- ◆ You can have grant funding and donations paid into this account, but you can only withdraw funds by transferring them to another bank account. You can nominate as many bank accounts as you like to receive transfers. You cannot withdraw cash, or get a cheque book or debit card.
- ◆ Cash and cheques can be paid in at post offices, other shops displaying the PayPoint logo, or at their office at Hove Town Hall
- ◆ You can set up a Wave Community Bank account so that transactions require authorisation from two signatories (this is usually required by funders), but in that case you can't use their online banking services. Withdrawals then need to be requested by phone from one of the signatories, with an email confirmation from the second signatory.

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<sup>4</sup> <http://www.creditunions.co.uk/>

<sup>5</sup> <https://wavecb.org.uk/wp-content/uploads/2023/01/Business-membership-Jan-23-1.pdf>

<sup>6</sup> <https://wavecb.org.uk/wp-content/uploads/2023/08/Business-membership-FAQs-Aug-23.pdf>

<sup>7</sup> <https://wavecb.org.uk/contact-us/>