

# Opening a bank account for a voluntary or community group

## Introduction—choosing the right bank

**Sooner or later your group will (hopefully) have some money to care for. You will find there are a lot of different banks and other financial institutions to choose from. You will want to look at these carefully to find which is right for you.**

- Do you need to have a local branch which you can contact easily? If so, will it still be convenient in a few years time when different people may be running the organisation?
- Would an Internet based bank without local branches meet your needs?

- Some banks have policies on 'ethical investment' for the money you entrust with them, other banks do not have such policies. Is this important to you?

Whichever you choose there are a number of basic things you need to do in order to persuade a bank to open an account for you. Here we look at these basics. We use the example of opening a 'current account' with a local High Street Bank branch or Building Society to show what these basics mean in practice.

## The type of account you need

As a voluntary organisation you need a special kind of account, not an ordinary 'personal' account. The banks have different names for this kind of account. Some call it a 'Treasurers account' some a 'Clubs and Societies Account', and there may be other names. It is not always easy to find out about them from general bank publicity but each bank should be able to give you application forms and some general information.

To get this kind of bank account you must:

- Show that you exist as a group and are a 'community' or voluntary group
- Show you are well organised and have people doing the basic tasks needed to run the organisation who understand the responsibilities involved

## The people you need to get an account

The bank will expect you to have a Chair, Secretary and Treasurer and usually the application forms will specifically ask for the names of these 'officers'. Some voluntary groups don't have people with those titles and if so you will need to show that you have some acceptable alternatives.

The bank will ask you to appoint what it calls the 'signatories' for your organisation. These are the people who sign the cheques and are usually the treasurer and up to 3 other committee members, staff or volunteers. These are usually appointed by you for a year at a time. When first appointed, signatories will need to give proof to the bank personally that they

are who they say they are. This is explained in detail below. If you change your signatories at any time the new people you appoint will also have to go through this procedure.



Normally the treasurer is one signatory, plus one other named member. Usually both have to sign a cheque for it to be valid. There are other acceptable ways to do this, for example three named signatories with any two being able to sign. You need to decide which is best for you.

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## The bank documents

You should get copies of application forms from several local banks and whatever other information the bank can give you. Compare what they offer. Look carefully at each form – they will probably look very different and ask for slightly different things!

Look at what charges they make and any restrictions on how the account operates. Some examples of what to look out for are given at the end of this sheet. Don't hesitate to call the banks if you want something explained.

## Setting up a meeting with the bank

When you have chosen a bank and a convenient local branch contact them and make an appointment for a meeting with an advisor at that branch. In the end it will be up to the advisor whether or not you can open the account.

You may find it helpful to have an informal discussion with the bank advisor before this meeting to make sure you know exactly what that bank needs on its forms.

You are now ready for the main meeting with the advisor.

Usually all signatories must attend bringing their identification documents with them. It *may* be helpful if all your main committee officers can also come to this meeting with the advisor – sort this out when making the appointment.

Since this is to be the first ever bank account for this group you can expect the advisor to ask a lot of basic questions.

To back up your case you should certainly bring:

- A list of the aims and objectives of your organisation

## Checking out your signatories

The bank will now want to check the identity of your signatories. If a signatory is already a customer of that bank at that branch some of the identity procedures *may* be simplified, but check with the bank first. The bank has a legal obligation to make sure that each signatory is exactly who they say they are. It looks formidable but don't worry too much. You need to give this kind of information and the same sort of documents as proof of who you are to get a library card these days. And lots of people have library cards.

Basically as a 'signatory' you need to show a document with your signature on it as it appears on

- Your constitution or whatever document sets out how you run your organisation and how you decide who takes on specific responsibilities.

- The minutes of the meetings when committee members were elected or appointed, when the decision to open a bank account was made, and when people to be signatories of cheques were appointed. Other minutes may also be helpful.

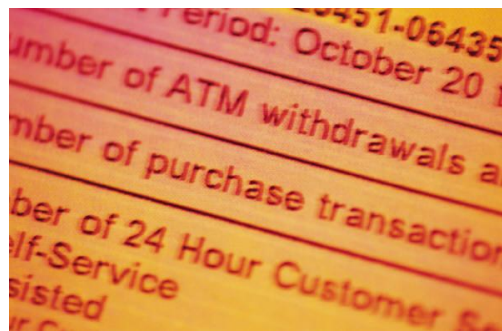
In addition, it will also be helpful

to bring:

- Names of other people associated with your organisation.
- Any leaflets or publicity material about your organisation.

And most important: The application forms properly filled in, signed by the proper 'officers' dated and (if required) witnessed.

If the advisor agrees your application congratulations – you are nearly there!



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## Online or internet banking

There is the facility with some accounts to bank online. This can be beneficial to some organisations—cutting down the need to post cheques by making online payments for example.

To set this type of facility up, you will normally submit

a separate application form, identifying and authorising specific access for named users - often the signatories and finance officer / book keeper. The bank will normally ask users to set up passwords, PINS etc for added security when authorising payments online.

## Points to watch for on bank conditions

- Signatories who are related or living at the same address may not be accepted.
- Look out for any charges and compare these
- The number of free cheques you can write each month may be limited.
- The amount of coins that can be paid in or taken out over the counter at any one time can be limited.
- You may get a cheque book but almost certainly not a cheque card.
- Building societies have a different method of issuing cheques.

Many banks make no charge for running your account, so long as you have money in the account. For all banks if you do go into debt there will be a charge even if the bank agrees (which is unlikely for this kind of account). Some banks will offer a facility where the majority of the organisations money will be in a savings account, earning interest, and will be automatically transferred to a current account if the current account balance falls below an agreed figure.

This fact sheet is one of a series of fact sheets produced by High Peak CVS. **They can all be downloaded from our website [www.highpeakcvs.org.uk/how](http://www.highpeakcvs.org.uk/how)**

*High Peak CVS works to ensure that local voluntary and community groups can access as much support, advice and information as possible. We help groups in many different areas, such as funding, charity registration, practical services including printing, training and links to*

*training and with legal issues. We have resources, including a meeting room, computers and OHP for use by groups.*

**To find out how we can help your group, please contact us on 01663 735 350 or email [hello@highpeakcvs.org.uk](mailto:hello@highpeakcvs.org.uk)**