

6. Frequently Asked Questions

On this page we have collated frequently asked questions, commonly misunderstood or ambiguous terms and words used in the banking sector, and a range of useful sectoral links from our voluntary organisation partners.

What's the best way to contact my bank?

Banks have different ways of operating and will vary in their preference of how to get in touch. Your bank's website will likely have this information on it. Most banks allow you to contact them by phone, in branch (sometimes via the local branch or business manager), or online – some banks offer a live chat service on their website.

Why is there a difference in pricing, accessibility, product offerings and language used by banks when looking for and opening an account?

The voluntary sector is vast, covering organisations of all sizes which have been set up for an array of reasons. Banks are commercial organisations operating in a competitive marketplace, providing different products and services for voluntary organisations. We recommend using our Banking Needs Support tool and Bank Profiles page to find one that suits you best.

Banks have developed different product offerings that are suited to the needs of voluntary organisations. It is up to each bank's discretion how they are priced, the type of product available and what language is used.

Why is so much information expected from me as a voluntary group member when setting up a bank account?

Banks are required to assess and monitor the identity of individuals involved in a charity, group, or voluntary sector when accounts are opened and throughout the life of the account. The questions may seem intrusive. By law, banks must establish the legitimacy of a customer's identity and identify any new or ongoing risk factors - this is called Know Your Customer (KYC). Because banks process information differently and may have different internal policies, one bank may ask different questions to another.

KYC standards are designed to protect you and help prevent fraud, corruption, money laundering and terrorist financing. KYC involves actions to identify customers, understand the nature of customers' activities and determine that the source of funds is legitimate. They also assess money laundering risks associated with the customer's activities. As part of KYC, reviews are likely to be conducted throughout the life of the account to ensure your account is being used in the way it was intended.

Banks seek to have dialogue with customers when they have concerns and require information or evidence to confirm that account operation is legitimate. It is important to respond to all bank requests for information in a timely manner, to ensure the account continues to run smoothly.

Do I need a bank account before I register my charity?

To fulfil their legal duty, trustees will need to ensure that their charity has a bank account as a mitigation against fraud and to establish good governance, by separating funds from private accounts. This will ensure you can keep track and account of all transactions. You will also need a bank account to register with HMRC and benefit from charity tax reliefs.

If you are setting up a charity, the point at which you can open a charity bank account can be confusing. NCVO provides [information](#) on banking for charities and voluntary organisations to help you understand the requirements.

You must register with the [Charity Commission](#) before applying for a charity bank account that requires charity registration.

Many banks will allow you to open a Treasurers Account or Community Account prior to registration with the Charity Commission for England & Wales. These accounts can usually be converted to a Charity Account if the organisation is later registered as a charity.

A charity doesn't need to open a bank account before registering with [Scottish Charity Regulator \(OSCR\)](#). At the point of registration, all charities are assigned a Registered Charity Number (rather than being given a Certificate of Registration) which is unique to their charity. You can give this number to your bank when applying for a bank account.

Charity trustees have legal duties to act with care and diligence in the interests of their charity. This includes ensuring that the charity has robust financial controls and financial record keeping. In order to fulfil these duties it is best practice for a charity to have a bank account operated by the trustees in which they can hold the funds of the charity securely and separately from their own money.

You can register with the [Charity Commission for Northern Ireland](#) before applying for a bank account, however it is a requirement that you open an account in your organisation's name as a mitigation against fraud and to establish good governance, by separating funds from private accounts. This will ensure you can keep track and account of all transactions.

Some banks will allow you to open an account if you are in the process of registering with the Charity Commission and can provide proof of this.

Why has my account been frozen or closed?

Common reasons for account closures are long periods of dormancy/inactivity over many years, or concern the account is being used to further financial crime.

Accounts can also be closed where the bank must do so to comply with “Know Your Customer” (KYC) regulation, a key element of the fight against money laundering. This will include situations where the bank has repeatedly contacted an organisation to verify details and not heard back. It should be noted that banks must give you notice before closing your account (unless crime is suspected). As well as via other channels, banks will often contact you or your organisation by letter using the address they have on file for you. We therefore recommend keeping in regular contact with your account provider and ensuring your contact details are kept up to date.

You will need to manage your organisation’s exposure to risk. Any mismanagement of your organisation could have consequences not only for your bank account but also in complying with regulations.

The [Charity Commission’s compliance toolkit](#) gives you practical advice on your legal duties in carrying out appropriate due diligence checks and guides you in how to identify and manage associated risks (including monitoring and verification of the use of funds). The Charity Commission for Northern Ireland also has [guidance](#) on this.

[Glossary](#)

Useful Voluntary Sector Links

[Charity Commission for England and Wales](#)

[The regulator of charities in England and Wales which maintains the charity register. They are an independent, non-ministerial government department accountable to Parliament. As registrar, they are responsible for registering charities, maintaining an accurate and up-to-date register of charities.](#)

[Scottish Charity Regulator \(OSCR\)](#)

[A non-ministerial office and part of the Scottish Administration following commencement of the Charities and Trustee Investment \(Scotland\) Act 2005. They are the independent regulator and registrar for over 25,000 Scottish](#)

charities including community groups, religious charities, schools, universities, grant-giving charities and major care providers. Their work as regulator ultimately supports public confidence in charities and their work.

The Charity Commission for Northern Ireland

As the independent regulator of charities in Northern Ireland, the Commission regulates charities operating in Northern Ireland. This means it is their job to make sure charities are meeting their legal requirements and to work with charity trustees to put things right if they go wrong. In doing so, the Commission plays a crucial role in the development of charities, enabling them to meet modern expectations and obligations.

National Council for Voluntary Organisations (NCVO)

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Wales Council for Voluntary Action (WCVA)

The national membership body for voluntary organisations in Wales. WCVA exists to enable voluntary organisations to make a bigger difference together.

Scottish Council for Voluntary Organisations (SCVO)

The national membership organisation for the voluntary sector in Scotland. Their mission is to support, promote and develop a confident and sustainable voluntary sector.

Northern Ireland Council for Voluntary Action (NICVA)

A membership and representative umbrella body for the voluntary and community sector in Northern Ireland.

National Association for Voluntary and Community Action (NAVCA)

The national membership body for local infrastructure organisations in England who support charities and community groups with volunteering, capacity building, partnerships and more.

Modern Banking Guide by HSBC in partnership with Charity Finance Group (CFG)

HSBC's 'Modern banking guide' has been published for charities, voluntary organisations, faith and community groups, in partnership with CFG. The guide helps organisations make informed choices about banking services in an evolving world. It covers the different types of banking services that are available to organisations, including digital payments and virtual cards. It also shares advice on security risks and fraud prevention.

Action with Communities in Rural England (ACRE)

An England-wide network of local organisations that gives practical help and support to rural communities and local rural charities.

Charities: moving money safely in the UK and internationally

The Charity Commission for England and Wales has guidance on how your charity can hold, move and receive funds in the UK and internationally.

Financial Sanctions guidance

The Office of Financial Sanctions Implementation (OFSI) has useful guidance for charities and non-governmental organisations (NGOs).

Third Sector Support Wales (TSSW)

A network of organisations working across Wales to support the voluntary sector.

