Personal Financial Services Products

Current account & savings accounts

Most bank accounts fall into three categories:

- A basic account. You can pay money into your account, get cash from an ATM and pay regular bills. You cannot overdraw and so you can avoid the risk of running up debts and incurring charges. They may be particularly suitable as a first account.

- A current account. This is the most common. It does everything a basic account does but includes features like a cheque book and cheque guarantee card, a debit card (that allows you to buy things in shops and pay for them out of your current account) and the opportunity to negotiate an overdraft with your bank. But remember - nobody has a right to an overdraft; borrowing on overdraft costs money; if you go overdrawn without getting your bank's agreement they might refuse cheques and direct debits etc.

- A savings account. This pays a higher rate of interest and is designed to help you save up for things. Usually there is no cheque book or debit card and you cannot pay bills from the account. Some accounts, especially those paying the highest rates of interest may require you to give notice before you can withdraw your money or may limit the number of withdrawals you can make.

Credit Cards

Credit cards are one of the most flexible forms of short-term borrowing, giving you the option of repaying as much of your monthly balance as you choose although there is a minimum repayment. Pay your account in full by the payment due date and typically you will not be charged any interest

Personal Loans

Personal Loans are the often the quickest and easiest way for customers to buy whatever they want now and pay over a period that suits them. Customers can usually apply to borrow any amount between £1,000 and £20,000 and repay it over a period of one to five years.

Mortgages

The biggest loan that you are ever likely to take out is a mortgage. The amount you borrow usually means that a mortgage is a long-term commitment. Typically, you will repay it over 25 years, although you can arrange longer and shorter periods. Your mortgage is secured on your home. If you cannot repay it, your home may be at risk.

Insurance

By paying an annual fee (referred to as a premium) customers can secure the payment of a sum of money in the event of a loss/damage of a pre-agreed item.

Frequently Used Terms In Financial Services

Current account	The most common type of bank account. A current account is typically used for day to day transactions. You can pay money into your account, get cash from an ATM, pay regular bills using direct debits, write cheques, have the use of a debit card. Some current accounts will give you the opportunity to have an overdraft facility.
Savings account	An account that encourages saving and receives interest
Overdraft	An overdraft is when the bank agrees to let you let you have more money than you have in your current account. An overdraft is usually a short-term loan and the bank will charge you interest on amount borrowed.
Debit Card	A card which can purchase goods and services electronically, usually requiring a cardholder's signature or PIN. The card can also be used to withdraw money from ATM using a PIN. When you purchase goods using a debit card the money is debited from your current account.
Cheque	A cheque is a written instruction to a bank to pay money from the writer's account to another persons bank account.
Bounced cheque	A cheque the bank has refused to pay because of a lack of funds in the account.
Bank Statement	A summary of all transactions on an account during a period of time – usually monthly or quarterly
Credit card	A plastic card that allows you to purchase goods and services today with the promise to repay the cost at a later date.
Income	Money you earn, are given or borrow.
Interest free credit	No interest is charged on the amount borrowed for a period of time eg. 'buy now pay later' '6-month's interest free' or payment holiday
Interest	Fee paid for the use of money. Interest may be charged by banks for money lent via credit cards, overdraft or loans. Banks usually pay interest on money held in savings accounts
Mortgage	A long-term loan used to buy property.
PIN	Personal identification number. Eg. four digit number used at an ATM
ATM	Automated teller machine also known as a cash dispenser. The machine enable you to withdraw cash from your bank account as well as check the balance on your account.
Annual Percentage Rate(APR) Eg. 6% APR	The APR refers to Annual Percentage Rate.. The APR is intended to help consumers compare different ways of borrowing money from different lenders. It takes into account any charges or fees that form part of the loan agreement as well as the interest charged. Generally the lower the APR the less money you will have to pay back in interest. The APR calculation is a complex calculation and therefore all calculations involving interest on this web site us e the simple interest calculation. .