

Student Bank Accounts

Why choose a student bank account?

A student bank account is designed for those in higher education as it has all the features of a normal current account but often with the chance to use an interest-free overdraft.

Sometimes banks also offer other freebies such as rail cards, coach cards or NUS discount cards. However, **don't** choose your bank account based on freebie alone. Although that railcard may save you money in the short term, it is not as useful as some of the other features.

Opening an account

Before opening an account, make sure that you shop around as often you are only able to have one student bank account. However, **once you have opened one, you are often able to "switch it" to another bank but**, be warned, you might not keep the same features. An online search or a quick visit to high street banks shows that the accounts vary. You could start your research here: <https://www.moneysavingexpert.com/students/student-bank-account/> or use <https://www.savethestudent.org/money>. **Once you've decided which account you'd like to open**, you can make an application. Sometimes the application is online and then taking information into branch, otherwise you could make an appointment and open it in-branch. You would need to have with you your passport or driving licence to prove your identity, a recent bill or bank statement to prove your address and your offer letter from UCAS or acceptance letter from your University to prove your student status.

What features will my Student Account have?

Many student bank accounts come with an interest free overdraft (more about this later) but some also offer the chance to earn money (or interest) on the money you keep with them. The interest rate rang

Using the overdraft

Make sure that you know what the overdraft limit is and do not exceed the limit. If you do, it is likely that you will incur charges.

Make sure you are using the account correctly to keep the features e.g. overdraft or interest – paying in enough money each month/term.

Only use the overdraft for essentials such as accommodation payments, food or a train ticket home at the end of the semester. Do not use the overdraft facility to fund your social life or your new wardrobe!

Use the overdraft facility to help you manage cash flow problems, e.g. you run out of funds in mid-December and need some money to tide you over until the next loan instalment in January.

Keep a close eye on your spending and on your account balance if you are relying heavily on the overdraft facility.

Credit Expert* <https://www.creditexpert.co.uk> are currently offering you to view your credit report for on a 30 day free trial (remember to cancel before the end date!). However, there are other sites we offer free credit reports for life e.g. Noddle* & ClearScore*.

Example of Student bank accounts in use

The Student Money Advice Service often sees students in the following situations:

Student Sam

Sam started University without any savings to fall back on. He opened a student account with an overdraft limit of £1,500. He ran out of money towards the end of the first semester and used the overdraft to buy his train ticket home and some Christmas presents for his family. By the time the January instalment of his Loan arrived, his bank balance was -£150. When the January Loan instalment was paid, his account balance was fine for the second semester. But in March he paid a £320 deposit for a house for his second year. So, b