

UK BANKS CLOSING EXPAT ACCOUNTS: HOW SMART CAN HELP



Some British banks have been informing customers who now live abroad that their accounts will be closed due to new Brexit rules.

For many expatriates, as well as those planning a move to an EU country, the move is a surprise and a worry.

In this document we will answer four questions:

- 1 Why is it happening?
- 2 What does it mean for overseas residents?
- 3 What are your options if your account is closing?
- 4 How can Smart Currency Exchange help you?

WHY IS IT HAPPENING?

The Brexit transition period ended on 31 December 2020 and UK banks seem likely to lose their right to provide services to customers in the European Economic Area; the so-called 'passporting' arrangements.

In preparation, some UK banks have informed customers who have taken up residence in EU countries that they will be closing their accounts.

WHAT DOES IT MEAN FOR OVERSEAS RESIDENTS?

Many British citizens with residency overseas still have close financial ties to the UK, including keeping a UK bank account. They may use it to receive funds such as investment and pension income or rent money from a property in the UK, or for expenditure in the UK.



It came as a shock to many, therefore, to receive notification from a British bank they may have been using for decades, that their account is being closed, often within weeks.

Whether this affects you will depend on both the country you are living in and the bank you are with. If you haven't been notified of any changes yet, check with your bank directly.

The immediate effect is that many UK bank account holders have had to open accounts with banks in the country where they now live. Others are waiting to see if further help comes out of Brexit negotiations.

Bear in mind that if you receive a UK state pension the British government will pay it into an overseas account at a reasonable exchange rate.

But for other income, the worry is that sterling income when paid into an overseas account will be subject to poor exchange rates imposed by the receiving bank, as well as high commission charges.

At worst, many expats are worried that such charges could make living abroad unaffordable.

WHAT ARE YOUR OPTIONS?

Firstly, it may not happen to you. Some banks, such as HSBC and Santander, will continue offering their banking and financial services to UK citizens living overseas. Others say that they are monitoring the situation. Some have announced they will close credit card accounts but, as a replacement, have offered basic accounts for expats.

If you are informed that your account is closing:

Discuss the situation with your bank. The Financial Conduct Authority (FCA) says banks must give at least two months' notice before closing an account in credit. Banks have also been urged to consider whether closing accounts would bring financial hardship to certain customers and ensure that other products are available to these clients.

Ask your bank to double-check the options available.

Look at other UK banks. You could potentially switch to another UK-based bank or financial institution that is not closing expat accounts.

Open a local bank account. If you are a legal resident in an EU country you are entitled to open a local bank account. Normally, your passport and a residence certificate will be sufficient to open the account. New arrivals after the transition period may well require a visa or work permit in order to become a resident.

HOW SMART CURRENCY EXCHANGE CAN HELP YOU

Open an account with Smart and you can opt to send sterling funds to Smart. We will convert it to euro and send it on to your overseas bank.

Smart will help you make both one-off, large financial transfers between currencies and smaller regular payments into overseas bank accounts.

A Regular Payment Plan allows you to automate the transfer process, scheduling payments either at the exchange rate on the day or at an exchange rate you have locked in for up to a year.

We work with our clients to help them put a strategy in place for all their transfers, to ensure that their money is protected from the risks of currency fluctuations. This approach can save you a significant amount of money and will help you plan your payments in advance.



Take action today. Register for an account with Smart and we can talk through all your options for property buying and overseas living. [Register by clicking here](#). Alternatively, call Smart today on +44 (0) 20 7898 0541