1. Choosing your organisation structure

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Some banks offer accounts to registered charities only. They may offer specific accounts if an organisation is incorporated or unincorporated. Other banks offer different accounts for voluntary organisations that aren’t charities.

It is very important that you know your organisation’s structure or form so that you select the right bank account.

How an organisation is set up is known as its legal structure. There are many different legal structures to choose from. Choosing the right one is important as it will affect how your organisation works in terms of: who will run it, whether it can enter into contracts or employ staff in its own name, and who will be liable for what the organisation does.

The format of your governing document should assist you to determine the legal form / structure of your organisation. You can find more information about the different types of governing document in the Glossary section of this guide.

You can also find out below whether your organisation is a registered charity by searching for it by its legal name (the name on the governing document) in the public register of charities kept by the charity regulator in the nation where your organisation is based. If it is registered, it will have been assigned a unique registration number by the regulator. If you are unsure, then ask the other members/trustees or check the guidance pages below for further help.

How to choose your structure

If you are starting an organisation but don’t know which structure to choose, then use the following guidance for your area to decide:

England

Setting up your organisation – practical steps

The National Council for Voluntary Organisations (NCVO), and the Wales Council for Voluntary Action (WCVA) have produced useful information for you to consider when setting up your organisation. This is available via the following links and includes: your organisation's legal structure, whether you need to register your charity, and information about governing documents.

- National Council for Voluntary Organisations (NCVO)
- Wales Council for Voluntary Action (WCVA)

The Charity Commission also has a step-by-step guide for setting up a charity, including information on whether you need to register with the Charity Commission.

Legal structure

NCVO have produced a guide to give you detailed information on what to consider when choosing your legal structure and the main characteristics of each legal structure.

The Charity Commission has also produced guidance on choosing a legal structure here.

Finding local support – England

If you need further support and guidance, you can contact your local voluntary sector support organisation. They can help you choose your legal structure, set up governing documents and get registered. National Association for Voluntary and Community Action (NAVCA) members have information about what is happening in your local area and will be able to connect you to appropriate resources or support.

Setting up a governing document

NCVO have produced this guide giving detailed information on what a charity's governing document is and what it should include.

Small charities checklist

A comprehensive guide from NCVO, providing step-by-step guidance for setting up a charity, from the initial idea through to registration.

Excepted Charities

Some charities in England are ‘excepted’ from charity registration. They don’t have to register or submit annual returns to the Charity Commission. Apart from that, the Commission regulates them just like registered charities. Most exceptions are permanent.

Wales

Setting up your organisation and effective governance – practical steps

Third Sector Support Wales (TSSW) have produced useful information for you to consider when setting up your organisation. This includes: your organisation’s legal structure, whether you need to register your charity, and information about governing documents.

The Charity Commission also has a step-by-step guide for setting up a charity, including information on whether you need to register with the Charity Commission.

Legal structure

TSSW have produced a guide to give you detailed information on what to consider when choosing your legal structure and the main characteristics of each legal structure.

The Charity Commission has also produced guidance on choosing a legal structure here.

Finding local support

If you need further support and guidance, you can contact your local County Voluntary Council (CVC). They can help you choose your legal structure, set up governing documents and get registered. They have information about what is happening in your local area and will be able to connect you to appropriate resources or support. A list of all CVCs is available on TSSW website.

Excepted Charities

Some charities in Wales are ‘excepted’ from charity registration. They don’t have to register or submit annual returns to the Charity Commission. Apart from that, the Commission regulates them just like registered charities. Most exceptions are permanent.

Scotland

Setting up your organisation – practical steps

The Scottish Council for Voluntary Organisations (SCVO) has useful information for you to consider when starting an organisation.

The Scottish Charity Regulator also has some guidance for you to consider when setting up a charity.

Good Governance

Trustees have a significant part to play in your organisation. They are there to oversee and take responsibility for everything your organisation does, and the role should not be taken on without an understanding of what’s involved. This SCVO guide is for the people in management and control of your organisation.

Setting up a Charity

Comprehensive guidance from SCVO on how to set up a charity in Scotland. This includes what to consider when setting up a new voluntary organisation, legal structures, model constitutions, and how to apply to become a registered charity.

Third Sector Interface (TSI) Scotland Network

The TSI Network is a body of charities that support the third sector across Scotland. There are 32 TSIs, one for each local authority area. You can search for your local TSI by using their directory.

Northern Ireland

Setting up your organisation – practical steps

The Northern Ireland Council for Voluntary Action (NICVA) has provided the following information on choosing a structure.

The Charity Commission also has some useful guidance to consider before you start a charity, along with guidance to follow once you have decided to set up a charity.

Setting up a voluntary or community organisation

If you are looking to set up a new voluntary or community organisation in Northern Ireland, then please see the following guidance from NICVA at the links below.

- Legal Structures for Voluntary and Community Groups
- Setting up an Association
- Setting up a Charitable Company
- Charitable Status

NICVA’s governance and charity advice team provide free advice to new organisations looking to formalise their structure. Contact governance@nicva.org to arrange a call.

Setting up or registering a charity

The Charity Commission for Northern Ireland has produced the following detailed guidance for those organisations that wish to establish a charity:

- Start up a charity
- The public benefit requirement
- Running your charity guidance
- Charity Essentials guidance

Helper Groups

A number of organisations have volunteered to provide practical support to individual organisations going through the registration process.

Check if you are a registered charity

If the bank asks if you are a registered charity and you are not sure, you can check using the charity register for your area:

England and Wales

Search the register of charities - England & Wales

Scotland

Search the register of charities - Scotland

Northern Ireland

Search the register of charities - Northern Ireland

2. Working out your banking needs

2. Working out your banking needs

Banks offer many accounts and services at varying costs.

You should choose a bank account that best meets your organisation’s needs. For example, you might choose a bank that offers a debit card for your banking needs.

We have put together some questions to help you decide.

You can then use our Bank Profiles tool to find the right bank account provider.

3. Account finder

3. Account Finder

To find the right banking partner, browse the below brands to see an overview of their banking offering and link to their website.

The profiles shown here represent the brands involved in the creation of this guide. There are more available in the wider market.

4. Checklist

4. Account Opening Checklist

This checklist is designed to make applying for a bank account as easy as possible, by ensuring you have all the right information to hand when you open the account.

Whilst the following information applies to most banking application processes, there may be instances where your bank asks for more or less than is outlined here.

Why do banks ask these questions?

Banks are required to assess and monitor the identity of individuals for all their customers. This includes individuals involved in a charity, group, or voluntary organisation when accounts are opened and throughout the life of the account. As such, the questions may seem unnecessary. 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 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 will have varying approaches to communicating with customers when they have concerns and require information or evidence to confirm that account operation is legitimate.

5. Maintaining your account

5. Maintaining your account

Use the information on this page as a best practice guide to keep your organisation's bank account up-to-date and running as smoothly as possible.

We recommend referring to this guide when:

- There are changes arising to your account
- There are changes to your organisation
- On a semi-regular basis (for example, each quarter), to ensure everything is up to date

Try to think of your voluntary organisation account as you would your personal account. If you move house or have a change to your personal circumstances your bank will need to know, and it is the same for any changes to your organisation, such as a change of address or change to a trustee.

Changes that conflict with the information your bank has already collected about you or your organisation may have an impact on your account or cause a delay to your service.

On this page

Tips & recommendations

Changes to your organisation personnel and contact details

Changes to account usage

Tips & recommendations

Notify your bank and stay in touch

Your bank needs to be aware of any changes that could affect the way your account is run. Some changes take time for a bank to implement, so we strongly recommended that you notify your bank in advance of any changes to your personnel or account usage as soon as possible. This will ensure your account service continues to run smoothly.

We also recommend reviewing all correspondence from your bank, via email or post.

Use the information on this page to help you decide when you should contact your 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.

Provide updates when submitting your annual return

For registered charities, when submitting your **Charity Commission**, **OSCR**, **Charity Commission return**, we recommend using the opportunity to update your bank of any changes that have arisen.

Know Your Customer (KYC)

Banks have a legal requirement to know who is associated with your account and what it is being used for. You will often hear this being referred to as “Know Your Customer” (KYC) regulation.

Depending on your organisation your bank may need to validate your account details yearly to ensure these are up to date, checked and confirmed.

Changes to your organisation personnel and contact details

You need to contact your bank proactively to notify them of any changes.

- When someone leaves your organisation, it is important to ensure that any access or authority is removed. Otherwise, they can still access the account or make payments. Updating your bank protects your organisation from fraud or unwanted activity.
- When you wish to add a signatory to your organisation’s account, it is crucial that your bank is informed as soon as possible so they can update your account mandate. Failure to add them in a timely manner will result in the new signatory being unable to make changes to your account, and could result in delays for payments or other matters.
- Your bank will send you a list of information they require to add new individuals to your account. Do ensure this is completed fully and within any applicable timelines so your bank can action your requests promptly.

This includes:

1. **Changes to any authorised individuals or signatories.**
    - You will need to update your bank mandate if these people move on from the organisation or are replaced. Some banks will require minutes of the meeting which reflect this change. Failure to do so could mean payments

are put on hold, or your account is blocked, whilst this information is checked.

2. **Changes to your organisation's officers such as the chair, finance person/treasurer, secretary, or trustees.**
    - You will need to update the bank if these people move on from the organisation or are replaced. Ongoing checks from the banks means they have a regulatory requirement to ensure these records are kept up to date.
3. **Changes of contact details or address for your organisation, authorised users, officers or signatories.**
    - When someone moves home or changes their contact details, you will need to keep your bank updated, so they can contact the correct person when needed (this includes address, email address, and phone number). There may be delays to your account service (for example, payments) if your bank cannot verify who you are or contact you.
    - Your bank must be told when your organisation address changes, so they can ensure all important bank account information is sent to the correct address. Having the incorrect address listed on your account may result in you missing important account information or requests, which could result in your account being paused.

Changes to account usage

If your account activity changes suddenly, it may trigger "flags" on your bank's internal systems. This will vary from bank to bank and differ depending on your account's previous activity. Some examples of triggers are given below.

Triggers are most likely to occur if there is abnormal activity on the account, or when your activity does not match that which was set out when you opened your account (as well as inconsistencies regarding personnel and organisation information, as listed above).

When a trigger occurs, your account may be paused without explanation whilst the matter is investigated by your bank. It is therefore of huge importance to

keep in regular contact with your bank about how your account is being used and who is associated with it. Your bank may not be allowed to explain what has caused the trigger for legal reasons. For more information please see The Financial Conduct Authority, The National Crime Agency and Anti Money Laundering requirements.

To ensure your account continues to run smoothly, it may be useful to contact your bank and notify them ahead of time if:

- **A large sum of money is going to be withdrawn**
  - This will likely be necessary if it is substantially over and above how much you usually withdraw. Your bank may ask further questions on how it is being spent.
- **A large sum of money is going to be deposited**
  - This will likely be necessary if it is substantially over and above how much you usually deposit, or if it is from an unknown person or entity. Your bank may ask further questions on where it has come from (sometimes called Source of Funds).
- **If money is being sent or received from abroad**
  - This especially applies to countries, or organisations or persons in them, who are deemed high risk or may have been subject to financial sanctions. In some instances, it may just include countries your organisation has not previously operated in. (The links above are specifically for organisations operating in England and Wales however are also applicable to Northern Ireland and Scotland).
  - Trustees of charities should be aware of their legal duties and responsibilities in the management and administration of their charity once it is set up.

Your obligations as a trustee

Trustees have a legal duty to:

- act in the charitable organisation’s best interests
- manage the resources responsibly
- act with reasonable care and skill.

Trustees of charities should be aware of their legal duties and responsibilities in the management and administration of their charity once it is set up. You can follow this link to the Charity Commission Compliance toolkit which sets out useful guidance on the due diligence required when running a charity. A lot of the checks you are required to do for any received donations will be mirrored to your chosen bank’s obligations. The Charity Commission for Northern Ireland also has Running Your Charity guidance. Provide updates when submitting your annual return.

Why do banks ask these questions?

Banks are required to assess and monitor the identity of individuals involved in a charity or voluntary group when an account is opened and throughout the life of the account. The questions enable banks to support charities, protect trustees and help them meet their legal duty. The questions may seem intrusive but are necessary. 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)**.

KYC standards are designed to 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, further due diligence reviews are likely to be conducted through the life of the account.

Banks will have varying approaches to communicating with customers when they have concerns and require information or evidence to confirm that account operation is legitimate.

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.

6. Frequently Asked Questions

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

6. Glossary

6. Glossary