

Making sense of overdrafts

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Introducing our Overdraft Service

An Overdraft is a short term credit facility. Overdrafts are primarily intended for short-term borrowing, and are not generally suitable for longer-term borrowing.

An overdraft can be used to borrow money on your current account and can help in months where there are extra expenses and unplanned events. Use of an overdraft will normally result in you being charged interest or other charges.

An **Arranged Overdraft** is where we agree an overdraft with a limit with you before your account goes overdrawn or over your current arranged overdraft limit.

An **Unarranged Overdraft** is when your account goes overdrawn and you don't have an arranged overdraft or you go over your arranged overdraft limit.

An Unarranged Overdraft may adversely affect your credit rating. We may decline payments that you try to make using an unarranged overdraft. We will, subject to our overriding obligations to you as a responsible lender, try to make your essential payments even if you do not have sufficient cleared funds in your account and the payment would take you over any arranged overdraft facility. We will report to Credit Reference Agencies accounts that have been in a continuous unarranged overdraft for 30 or more days, which could negatively affect your credit file and your ability to get credit in the future. We will also report as standard any arranged overdraft limit and overdraft usage for all current accounts.

If you agree an arranged overdraft and then change your mind, you have 14 days from the date we provided the overdraft or the day you received a copy of your overdraft agreement (whichever is later) to cancel. You can also ask us to reduce your limit or remove your arranged overdraft limit at any time. This can be done via Online Banking, or you can chat to us 24/7 (subject to maintenance periods) through Online Banking and the HSBC UK Mobile Banking App. You can also call us on 03457 404 404, or visit us in branch. You will have to repay any overdrawn amount plus any interest for the period you've had it.

If you wish to re-apply for a new or increase an arranged overdraft limit this will be subject to a full application.

The Overdraft Service works in the same way for all accounts on which an Overdraft is available, except for Bank Account Pay Monthly (explained on the next page). You can switch from Bank Account Pay Monthly whenever it suits you, subject to eligibility, by either calling us or visiting your local branch.

Who is eligible for this service?

Eligibility depends on your credit status and an assessment of your financial circumstances. You must be 18 or over to apply. The Overdraft Service is not available on our Basic Bank Account, Amanah Bank Account, Appointee Bank Account or any savings account. All overdrafts are repayable on demand and are subject to our Personal Banking Terms and Conditions and Charges.

Use our Overdraft eligibility tool at [hsbc.co.uk/overdrafts](https://www.hsbc.co.uk/overdrafts) to find out more about our overdraft service before applying for or changing an arranged overdraft.

Do you know you need an overdraft?

Most of the time, you'll probably know in advance if you need an overdraft. If this is the case, you can approach us at any time to ask us to either set up or increase an arranged overdraft limit on your current account. There is no overdraft fee for agreeing an arranged limit.

Overdraft calculator

Our Overdraft calculator will let you work out how much interest you could pay on any of our current accounts that allow an overdraft. It's simple to use so you can see if an overdraft is the best way to borrow for your circumstances, and also compare costs with other lending options. It's available at [hsbc.co.uk/overdrafts](https://www.hsbc.co.uk/overdrafts).

Sometimes when we receive a payment request for an item, there's not enough money in the account or there is not a sufficient arranged overdraft limit to cover it.

We all lead busy lives so it's hard to keep a track of what's going in and out of your account. And you may not be able to control exactly when an item will be taken from your account.

If you make a payment request and there's no money left in your account or you've gone past your arranged overdraft limit, we will treat this as a request from you for an unarranged overdraft. If we agree to that request, the unarranged overdraft will be provided for up to 31 days and we may charge you unarranged overdraft interest.

Overdraft costs

Account	Interest Free Arranged Overdraft	Interest rates: Representative Example (assumed arranged overdraft of £1,200)	Unarranged overdraft Monthly Maximum Charge¹
Bank Account, Advance Bank Account and Current Account²	£25	0% EAR (variable) on the first £25, 39.9% EAR (variable) thereafter, giving a representative rate of 38.9% APR (variable)	£20
Bank Account Pay Monthly	£25	0% EAR (variable) on the first £25, 39.9% EAR (variable) thereafter, giving a representative rate of 38.9% APR (variable)	Unarranged Overdraft service not available. £50 interest free 'Buffer'

1. We'll charge overdraft interest on any arranged and unarranged overdraft balances but no overdraft fees.

2. This product is no longer on sale.

Account	Interest Free Arranged Overdraft	Interest rates: Representative Example (assumed arranged overdraft of £1,200)	Unarranged overdraft Monthly Maximum Charge
Graduate Bank Account	Year 1: £3,000 Year 2: £2,000	Year 1: 0% EAR (variable) on the first £3,000, 39.9% EAR (variable) thereafter, giving a representative rate of 0% APR (variable) Year 2: 0% EAR (variable) on the first £2,000, 39.9% EAR (variable) thereafter, giving a representative rate of 0.0% APR (variable)	£20
Student Bank Account	Year 1: up to £1,000 Year 2: up to £2,000 Year 3: up to £3,000	0% EAR (variable), giving a representative rate of 0% APR (variable)	No overdraft charges
Premier Bank Account	£500	0% EAR (variable) on the first £500, 39.9% EAR (variable) thereafter, giving a representative rate of 21.8% APR (variable)	£20
HSBC Private Banking Account and HSBC Premier (with retained Jade benefits)	£1,000	0% EAR (variable) on the first £1,000, 39.9% EAR (variable) thereafter, giving a representative rate of 5.8% APR (variable)	£20

How does our overdraft compare?

You can compare our overdrafts with other ways of borrowing by looking at the Annual Percentage Rate (APR). APR is the cost of borrowing over a year and lets you compare the costs with other credit products.

EAR (Effective Annual Rate) takes account of the interest rate, the compounding of interest and how often interest is charged, and does not include any other fees or charges.

APR (Annual Percentage Rate) is the rate at which someone who is borrowing money is charged, calculated over a period of twelve months. It takes into account not just the interest, but also any other charges that may have to be paid and any interest free amount. It lets you compare the costs with other credit products.

We won't charge Overdraft interest if covering funds are paid in before the end of the day (defined as 11:45pm).

Monthly cap on unarranged overdraft charges

1. Each current account will set a monthly maximum charge for:
 - (a) going overdrawn when you have not arranged an overdraft; or
 - (b) going over/past your arranged overdraft limit (if you have one)
2. This cap covers any:
 - (a) interest and fees for going over/past your arranged overdraft limit;
 - (b) fees for each payment your bank allows despite lack of funds; and
 - (c) fees for each payment your bank refuses due to lack of funds

Overdraft Text Alerts

Where we have a valid mobile number for you unless you have opted out we'll send you texts to let you know about your overdraft usage and to help you avoid being charged overdraft interest.

We'll send text alerts when you have entered or we are aware that later in the day you are due to enter:

- your arranged overdraft – so you are aware of your usage
- your unarranged overdraft – so you are aware of your usage and can take steps that day to avoid being charged unarranged overdraft interest

If you don't provide your mobile number, or let us know when you've changed it, we won't be able to send alerts and you may incur avoidable charges.

You can opt out of arranged or unarranged overdraft texts at any time by sending a secure message via Online Banking, or you can chat to us 24/7 (subject to maintenance periods) via Online Banking or the HSBC UK Mobile Banking App. You can also call us on 03457 404 404 or visit us in branch.

If you choose to opt out of text alerts, this will apply to all personal current accounts you hold with HSBC UK.

Bank Account Pay Monthly customers will continue to receive their usual text alerts in addition. Student Bank Account customers will still receive our text alerts to advise about overdraft usage, but they'll also confirm no interest will be charged.

Keeping track of your balance

When you check your balance, you will see your 'Balance' and 'Available Balance'. Your 'Balance' is exactly that – the balance of your account.

Your 'Available Balance' takes into account any pending payments, for example, when you use your debit card to buy goods or services and the amount isn't yet showing on your statement, but excludes any cheques that haven't yet cleared and does not include your arranged overdraft limit.

We've got numerous ways for you to keep an eye on your balance. For example, register for Text Banking to receive additional text alerts on your mobile (at no extra cost). There's also HSBC UK Mobile Banking, our mobile app that lets you check your balance on the go using your smartphone.

Use HSBC UK cash machines, which warn you if your withdrawal may incur a charge. Or use Online Banking to view balances, statements, payment details and request a change to your arranged overdraft. You can also call us any time, to check your balance using our automated service.

Bank Account Pay Monthly

From 17th November 2019 we made a change meaning we no longer charge the £10 fee. You can approach us at any time to ask us to set up or increase an arranged overdraft limit on your account, subject to status and your financial circumstances and we will charge overdraft interest on any arranged overdraft balance.

Whether you have an arranged overdraft limit or not, you'll also receive an overdraft 'buffer' to act as a safety-net if you don't otherwise have enough funds to cover a payment. The buffer is intended for short-term emergency borrowing so we expect you to repay any amount borrowed in this way within 31 days. We won't charge any interest on usage of the buffer. We may agree to unarranged overdraft requests with our standard Overdraft Service. With Bank Account Pay Monthly the difference is we won't agree to any such requests that would take you over any arranged overdraft limit and your £50 buffer other than in very limited circumstances where we are obliged to make a payment. Your credit rating may be affected.

Account Management

We will review your account regularly to make sure your overdraft borrowing is suitable, based on credits to your account.

If we feel that your overdraft borrowing may be too much when compared to credits to your account, we will recommend an appropriate amount to pay in.

When we get in touch, we will also explain how we may be able to help, in the short and long term, if you are unable to pay this amount.

We will share information about your account usage with credit reference agencies. When payments are refused due to lack of funds, your credit rating may be affected.

You can reduce your limit or remove your arranged overdraft limit at any time. Please make sure that you're within any new arranged overdraft limit or in credit before doing so to avoid any unnecessary overdraft interest charges or impacts to your credit file. This can be done via Online Banking, or you can chat to us 24/7 (subject to maintenance periods) through Online Banking and the HSBC UK Mobile Banking App. You can also call us on 03457 404 404, or visit us in branch. If you wish to re-apply for a new or increase to an arranged overdraft limit this will be subject to a full application.

Is our Overdraft Service the best way to borrow?

If you are struggling to run your account in credit, we can help you consider whether there are better ways to manage your finances. When it comes to borrowing money, the Overdraft Service is just one of the options available to you. Our Overdraft Service is a convenient way to borrow money for a short period of time. It can cover you for a few days before payday: if you have particularly heavy spending which you know you can repay over a couple of months; or if an item just happens to hit your account at the wrong time.

However, if you find yourself increasingly relying on your overdraft, an overdraft may not be the most cost effective way to borrow. Contact us if you want to discuss other borrowing options.

Want to know more?

Go online or visit your local branch or call us if you'd like to:

- set up, or change, an arranged overdraft on your current account
- know more about how to get your current account back in credit
- know more about other products which could help you with larger, longer term borrowing needs
- talk to someone about your borrowing – if you think you may be having difficulties it's important to speak to us as soon as possible to see where we can help



Click [hsbc.co.uk/overdrafts](https://www.hsbc.co.uk/overdrafts)



Visit your local branch



Call 03457 404 404

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Accessibility

If you need any of this information in a different format, please let us know. **This includes large print, braille, or audio.** You can speak to us using the live chat on our website, by visiting one of our branches, or by giving us a call.

There are also lots of other options available to help you communicate with us. Some of these are provided by third parties who are responsible for the service. These include a Text Relay Service and a British Sign Language (BSL) Video Relay Service, to find out more please get in touch. You can also visit: [hsbc.co.uk/accessibility](https://www.hsbc.co.uk/accessibility) or: [hsbc.co.uk/contact](https://www.hsbc.co.uk/contact).

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