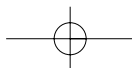


Direct Payment - A Simple Guide

Information you need about
the new ways that benefits
will be paid.





What is Direct Payment?

Direct Payment is the new way in which social security benefits and state pensions will be paid in the future. The Government is moving away from order books and girocheques towards paying benefits and pensions directly into people's bank accounts, building society accounts or Post Office® accounts.

When will this happen?

The change takes place between 2003 and 2005. You do not have to do anything if your benefits or pensions are already being paid into your bank or building society. The Government will be writing to those who are being paid by order book or girocheque inviting them to change to Direct Payment.

If you are paid by order book or girocheque you do not have to do anything until you receive your letter about this from the Government. This will tell you what to do next and give you a freephone number that you can ring if there is anything that you are not sure about.

What options do I have?

Under Direct Payment, social security benefits, pensions and tax credits can be paid into three kinds of accounts: –

1. A Post Office® card account.
2. A Basic Bank Account.
3. A Current Account at a Bank or Building Society.

Outlined below are the three options available to you. Read this leaflet and take time to consider what you want from an account. Choose the one that suits you best.

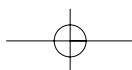
When making your mind up about which option is best for you, it's a good idea to ask yourself these questions.

1. How do I want to get my money?

At a cash machine.

Over the counter in a bank or building society.

Over the counter in the Post Office®.



2. ***Do I want to get my money from somewhere, which is close to my home or near my workplace?***
3. ***Do I want an account, which offers Direct Debit or Standing Order facilities to help me pay my bills and meet other regular commitments?***
4. ***Do I need more advice on all of this before I make up my mind?***
For independent advice you may wish to speak to an advice agency such as Age Concern, Help the Aged, your local Citizens' Advice Bureau or other advice agency. You will find their numbers in your local telephone directory. You can also contact the Government's freephone helpline on 0800 107 5000 (textphone 0800 107 4000).

Your options in more detail -

You could choose - a Post Office® card account

This is a new service offered by the Post Office®

What does this offer?

- You can withdraw your money at **any** Post Office® branch counter during normal Post Office® opening hours using your card and your personal identification number (PIN) - a four digit number you get when you open your account.
- You can withdraw the exact amount of money you need rather than withdrawing your full benefit. This is an important safety consideration.
- You do not receive interest with this account.
- You cannot withdraw more money than you have in your account so it will not be possible for you to go into debt accidentally.
- You can get your money without paying any charges for using this service.

Can I pay money into this account?

- No. Only social security benefits, state pensions and tax credits can be paid electronically into these accounts.

How do I withdraw my money?

- You can get your money at any Post Office® branch counter during normal Post Office® hours. You must have your card and PIN number with you to do so.

How can I keep track of my money?

- When you take money out you will get a receipt showing how much you have withdrawn.
- At any time you can ask how much money you have in your account at your Post Office® branch but you will need to have your PIN number and card with you when you do so.
- You will receive a statement four times a year. This will give you full details of all money paid into and taken out of your account.

How do I open a Post Office® card account?

- Your letter from the Government will contain information on the various options. If you want to open a Post Office® card account you need to contact the phone number given in the letter. You will then be issued with a form, called a Personal Invitation Document, which you take to the Post Office®.

You could choose - a basic bank account at a bank or building society

- A basic bank account is a simple, no frills account which differs from other bank accounts in a number of ways. For example, you cannot get an overdraft with a basic bank account. Another difference is that you do not have to prove that you have a good credit history to open this kind of account. You can also withdraw your cash without charge at Post Office® branches.

What does a basic bank account offer you?

Most basic bank accounts offer customers the following: –

- A cash card and PIN number so that you can withdraw money at cash machines.

- Direct Debit and Standing Order facilities to help you pay your bills and meet other regular financial commitments. This can be helpful as some companies, such as those providing gas and electricity, offer discounts when bills are paid by Direct Debit. Remember, however, that some banks will charge you for setting up Direct Debits so you should ask if there are such charges when you are opening the account.
- Basic bank accounts are the simplest form of bank accounts available and generally do not offer interest while the account is in credit.

Do basic bank accounts cost money?

- Most withdrawals from cash machines are free of charge but this is something you should check when you open the account. If you are using a cash machine after you have opened the account and there is a charge, a warning should flash onto the screen. You will then be able to stop the withdrawal before a charge is made.
- However, you may be charged if the bank has to refuse a Direct Debit payment because there is not enough money in your account to cover it.

Can I pay money into this account?

- Yes you can put in cash or cheques or have your earnings paid into the account by your employer.

How do I withdraw my money?

- Most basic bank accounts offer free withdrawals from cash machines 24 hours a day as long as you use your card and PIN and there is enough money in your account.
- You can withdraw your cash at any Post Office® branch free of charge.
- Some basic bank accounts allow you to withdraw your cash, without charge over the counter at the bank/building society branch.

How can I keep track of my money?

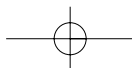
- You can get a balance or mini-statement from the cash machine.
- You will get regular statements by post from the bank or building society.
- You can visit the bank or building society branch to ask about your account.
- Some basic bank account balances can be checked at the Post Office®.

How do I open a basic bank account?

- You will need proof of your identity, usually proof of who you are and where you live. Check with the bank or building society about what identification you need.
- For details on how to open a basic bank account, contact your chosen bank or building society branch.

You could choose – a current account at a bank or building society

- A current account has similar features to the basic bank account. However, you will also receive a cheque book and guarantee card and you may be able to borrow money from the bank. This is called an overdraft and you will pay charges and interest on what you owe.
- With some current accounts you may not need to use a card and PIN. You may be able to access your money at the counter of the bank/building society. Ask for details at your local branch.
- A current account offers Direct Debit and Standing Order facilities to help you pay your bills and meet other regular financial commitments. Remember, however, that some banks will charge you for setting up Direct Debits so you should ask if there are such charges when you are opening the account.
- Depending on the type of current account you have, you may receive interest while your account is in credit. If you are considering opening a current account, you should contact your bank/building society who will explain the position to you.
- Some current accounts are also accessible at the Post Office®. For further information contact your bank or local Post Office®.



Other questions you might have



Will I get my money weekly/fortnightly as I do now?

Yes. With Direct Payment you will still get your money as regularly as you do now.



What happens if I can't get to a bank or Post Office®?

Most banks and building societies have arrangements to allow someone to access your account with your permission. Ask your bank or building society to see what arrangements are available.

If you choose to open a Post Office® card account you can nominate a helper to take money out of the account for you. They will have their own card and PIN.

If you need someone to access your account for you, be careful to choose someone you trust.



What happens if I have less than £10 in my account and the cash machine only gives £10 notes?

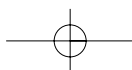
Depending on the type of account, you can get your money over the counter at your bank, building society or at the Post Office®.

Some basic bank accounts also offer a £10 overdraft facility to ensure you can get your money at a cash machine. You won't normally be charged for using this overdraft facility, but the bank or building society will automatically claim the money back from you the next time money goes into your account. Check with your bank or building society for more details.



How can I make sure that my PIN number and card are secure?

- Avoid keeping PIN numbers and bankcards in the same place.
- Never write the PIN number on the back of the card.
- Never leave cards or receipts lying around.
- When using a cash machine, be wary of anyone trying to watch you enter your PIN.





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Websites
www.gccni.org.uk
www.consumerline.org

Please contact us if you would like a copy of this leaflet
on disk, in large type, in other accessible formats or
in minority ethnic languages.