

## Opening a Bank Account in the UK

Date of publication: July 2018

### Do you need a UK bank account?

If you are intending to trade in the UK, the short answer is YES.

People in the UK will expect you to have a UK bank account. Not only does it give your business credibility in the UK, but if you have numerous transactions it will be cheaper to handle these locally, rather than through overseas bank transfers which are invariably costly (most transfers from a UK bank account to an overseas bank account will receive a charge of around £26).

In addition (should you need to be VAT registered), having a UK bank account expedites the process.

Alternatively, you can specify pounds sterling (£) when setting up a bank account in your home country which, in some circumstances (e.g. trading directly from overseas with a single, large customer) may be appropriate. However, check with your customer they are happy to pay money into this account.

Please also note that faster payments exist in the UK so it is possible to pay most people without charge on the same day by bank transfer.

### Can I open a UK bank account if I don't have a UK entity

Yes you can. Provided you talk to the bank's commercial team rather than just trying to discuss this with a local branch. Overseas companies can set up UK bank accounts, therefore it is not always necessary (or wise even) to form a UK company just to open a UK bank account.

### How do you open a UK bank account?

This can be a very lengthy and frustrating process even for a UK citizen. You need to give yourself 3-6 months to be sure you can get a bank account open, and make sure you have a good contact in the bank.

The primary issue for the long delay is that UK Money Laundering legislation requires confirmation of the identity of the beneficial owner of the bank account and sometimes the source of the funds used to open the bank account must be traceable.

In order to identify you, a UK bank will require:-

- Original passport;
- 1 or possibly 2 utility bills (less than 3 months old, showing your current home address – this need not be in the UK).

The best way to open a UK bank account is to get your accountant to arrange a meeting with a commercial bank manager, so you can meet, explain your business, and go through and sign all the forms together.

### Can't I get my home country bank to open an account through one of their branches in the UK?

Your existing bank relationships can help, but in reality few banks are truly global so it doesn't necessarily speed the process up.

Where it does help however, is if your bank from your home country does have a decent operation in the UK then do use this relationship. It will be easier to get credit, borrow money and generally use your overseas relationship to give you a better service in the UK.

A rough rule of thumb is that until you are turning over at least £1m in your bank account, the level of service you will receive will be pretty minimal.

However, our experience has shown that if someone such as Oury Clark uses their banking relationships to give you an introduction, it is possible to get decent service initially while trying to get the bank set up.

### Other Relevant Considerations

Use a small balance (<£1,000) to open the account to avoid additional money laundering checks.

Simplicity is best in terms of the initial structure when setting up your UK entity (e.g. a single director who is sole share holder) as additional directors and shareholders can be added to the account once it is in place.

Some banks are better set up for international customers. Always seek advice from us or a trade advisor such as DIT to help you find who is currently offering a high level of service for your country and requirements.

## New Financial Institutions

There are now also a various number of new business bank account providers incorporating phone app software to provide banking services to start ups and existing companies. Many of these do not charge for international payments. Although, as of yet these are not the finished article. These banks can often provide a faster route for companies wanting to set up a UK bank account.

*Disclaimer:*

*This note does not contain a full statement of the law and it does not constitute legal advice. Please seek legal advice if you have any questions about the information set out above.*

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