



Opening a Bank Account

For foreign owned companies



Do you need a UK bank account? If you are intending to trade in the UK, the short answer is YES.

Can you get one quickly and easily?

The short answer is – well it depends, but it is a lot better than it used to be if you are willing to be open minded about who you work with.



Opening a UK bank account is notoriously difficult – and with the world changing so much these days – it does beg the question, do I even need a UK bank account?

What is a bank?

First we need to define what we mean by “bank account”. By “bank” we mean someone who is legally regulated as such with the FCA - Financial Conduct Authority. Money is secured by the Government up to £85,000 per account per company per bank. The current list of banks can be viewed [here](#)

In the last 5 – 10 years the Fintech revolution has really erupted however and produced numerous E-money “banks”. These banks offer most functionality you would want from a bank, and sometimes offer some things banks don’t. However, they don’t lend money, and they are not a bank. Money in an E-Money account is underwritten 100% by a major bank such as Barclays. Technically it is not Government underwritten, although although Governments have been supporting major banks rather than let them fail. E-Money providers are not allowed to leverage your deposits, so the money should still be there.

Do I need a real bank account?

If you are looking at a VISA or FCA regulated activities, then yes they will require you to have a bank account from a bank with a banking license. But hold onto your hats, as it is likely to take 3-6 months to open an account. Banks have a difficult time, it’s so easy to form UK companies they are left with a difficult job of going through hellish risk and compliance jobs. That all being said, it’s not a nightmare we would wish on anyone.

If you simply want to trade in the UK and you are not regulated, then an E-money account is often more than adequate, and far easier to get. On the one major provision. If you have UK employees, then you will need a UK pension scheme, which will require Direct Debit, and far easier to get, with one major providers allow direct debits. But wise.com do. If you have no employees then there are many options available.

The great advantages of the E-Money providers are that many do not require UK Directors, and are much much quicker and responsive when it comes to going through the identity checks for KYC.

Traditional banks often require UK Directors which may be difficult to appoint at an early stage. They will also often have turnover limits, and you will find yourself getting stuck in knots getting through compliance.

Can I trade without one?

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

Sort of. A traditional bank, not a cat's chance in hell... But the E-money providers such as airwallex (for Australians), www.axiomifs.co.uk, or wise.com are able to open bank accounts cross border. Indeed many E-money providers like to start with the holding company and open an account for them.

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.

[See KYC guide](#)

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 £2m 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, providing the company is of sufficient scale.

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.

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