

Overdrawn?

Here's how to safeguard your income

You can tell your bank how money paid into your account is used. This is called: **'the first right of appropriation'**.

If you don't protect your income in this way, your bank can (and will) use your wages or benefits to reduce any unauthorised overdraft. This could mean that you are unable to access this money and / or your standing orders / direct debits aren't paid.

Make sure your income, including: benefits, wages and Tax Credits, is used to pay for your essential living expenses. To do this, use the 'first right of appropriation' letter overleaf.

You must tell your bank that you would like this money protected - please use the letter overleaf.

Sample letter to bank

Your name and address:

Name and address of bank:

Date:

Dear Sir / Madam

FIRST RIGHT OF APPROPRIATION

Account Number:

Funds are due to be paid into the above account. These are:

(please list all income payments due into your account ie benefits / wages, with the amount and date due if known)

Amount	Source	Date
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I write to exercise my first right of appropriation over these funds and all future payments from these sources into my account ie these instructions are to be effected every month until further notice.

I instruct you to pay the following priority items from them:

(Please list all: standing orders / direct debits / cheques that need to be paid eg rent / mortgage / gas / electricity / water / child care / house insurance, with the amount, what they are for and dates due if known.)

Amount	Transaction Type	Purpose	Date
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I also instruct you to allow me to withdraw cash from these funds for food and other essential living expenses:

Cash withdrawal of £..... per week.

I would be grateful if you could confirm receipt of this request in writing to me at the above address.

Yours faithfully

Remember:

You need to tell your bank how you are going to use the money, ie which standing orders / direct debits need paying and how much you need to withdraw every week for other bills and essentials.

You must make it clear that you wish all future payments to be used for these purposes - otherwise you will need to write a letter each time.

You must give your bank at least 7 days notice.

Keep a copy of the letter you send.

If your bank refuses, complain to the bank manager and if this fails, the banking ombudsman.

Check your account regularly and contact the bank if they use your income to pay off the overdraft.

Remember you will still have to pay any overdraft fee. And standing orders / direct debits for non-essential items will not be protected and may be returned meaning you could incur costs.

If you use the 'first right of appropriation' over a long period, your bank may want to close your account. This is not therefore a permanent solution. If you think they may do this, open a new account with a different bank or credit union.

Seek advice about your financial situation