

We're making changes to our overdraft service

We're making some changes to our overdraft service which we'll also be including in our next Account Terms and Conditions (Terms) update.

We've explained the key changes below which include making some of our overdrafts cheaper and changing the way we explain them to make them easier to understand.

Changing the way we explain overdrafts

In our existing Terms we talk about 'formal' and 'informal' overdrafts so when we next update them, we're going to make these clearer by explaining them as 'arranged' and 'unarranged' overdrafts, but they'll still work the same way as they've done before.

- An **arranged overdraft** request is where you ask us for an overdraft before you go over your arranged limit (or go overdrawn if you don't have one).
- An **unarranged overdraft** request is where you authorise a payment that would take you over your arranged limit (or go overdrawn if you don't have one).

It can be expensive to rely on unarranged overdrafts so if you find you're struggling to stay within your account limits, please give us a call and we'll talk you through your options. The table below shows how much each type of overdraft might cost, depending on your circumstances:

Arranged overdraft	Unarranged overdraft
<p>We won't charge you interest for going up to £250 overdrawn (unless your account is linked to an Offset Mortgage)*. If you go over £250, we charge 15.9% EAR¹ (Effective Annual Rate) variable.</p> <p>A representative example If your 1st Account has a limit of £1,200 and you use it all for 30 days, the first £250 is free so you'll be charged interest for borrowing £950 at a rate of 15.9% EAR variable which would cost you £11.59.</p>	<p>You'll be charged a £5 Daily Overdraft Usage Fee up to a Monthly Maximum Charge of £80 in any Charging Month – we've explained what this means overleaf.</p> <p>From 1 July 2017, we won't charge interest on unarranged overdrafts – we've explained more about this overleaf.</p>

***1st Accounts linked to an Offset Mortgage** will continue to be charged interest at the linked mortgage rate, even on the first £250. This will show a little differently on your statements as any interest charged on your Offset Mortgage will be shown separately to your 1st Account, rather than showing a total for both. Don't worry, you're not paying more, we're just making what you pay clearer.

When it comes to charging, a month isn't a calendar month. A **Charging Month** starts on the date your account was opened (unless you ask us to change it) eg if your account opened on the 20th, your **Charging Month** will run from that day until the 19th of the following month.

We're making our unarranged overdrafts cheaper

Sometimes overdrafts can feel like they're getting out of hand so if you're worried about yours, please give us a call as soon as possible. To help you stay in control of your accounts you can set up text message alerts and we'll also try to let you know before you're charged so you have a chance to put things right – see below for more details.

We've already introduced a cap of £80 per **Charging Month** on Unarranged Overdraft Usage Fees for each 1st Account you have with us. You'd also pay the normal interest, but from **1 July 2017** we won't be charging that on unarranged overdraft balances so the maximum you'll pay for an unarranged overdraft will be £80 per **Charging Month**.

Just so you know, if your **Charging Month** started before **1 July 2017**, any unarranged overdraft interest you've been charged will still apply.

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.

Text alerts to avoid charges

It can be easy to lose track of your spending, so if you've given us your mobile number, we'll try to send you text messages to help you avoid charges eg on a day where we've agreed an unarranged overdraft or there's not enough money in your account to make a payment.

We don't charge for these messages but it's worth remembering that some mobile providers may charge you to receive them when you're abroad. So if you'd like to pause them until you get back or opt-out altogether, just let us know.

To help you stay in touch you can also set-up text message alerts showing weekly mini-statements, when large credits or debits go through and when your account goes above or below a certain limit. You can find more information and register in Internet Banking or by giving us a call on the number below.

We're here to help

If you have any questions about anything covered above, please give us a call on **03 456 100 100†** and we'll be happy to help.

¹ **EAR** (Effective Annual Rate) takes account of the interest rate and how often interest is charged, but doesn't include any other fees or charges.

†Text-phone **03 456 100 147** or if calling from abroad **+44 113 234 5678** (Text Relay **+44 151 494 1260**). For more information on contacting us via BSL video relay service visit [firstdirect.com/contact-us](https://www.firstdirect.com/contact-us)

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