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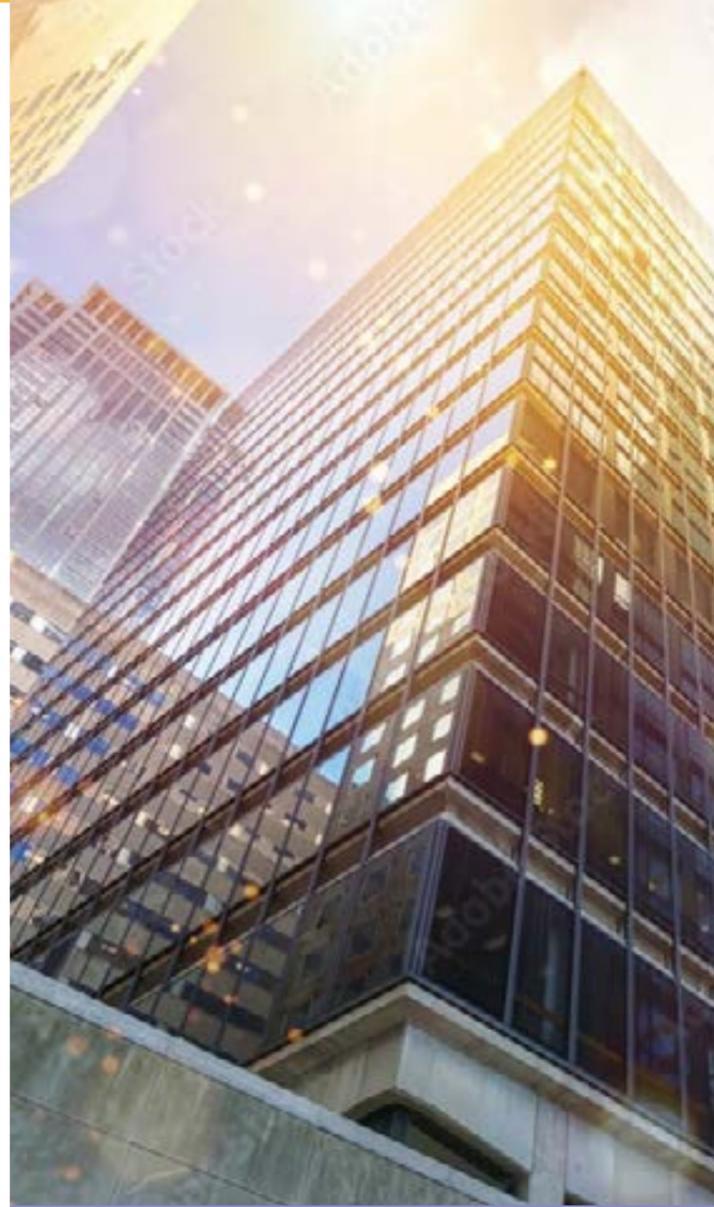
Opening a UK Business Bank Account

Are you looking to open a UK business bank account? For many businesses new to the UK market, this can be the longest, and most challenging & frustrating part of their expansion process.



"If you are looking to establish your business in the UK, the likelihood is you will require a UK business bank account through which you can pay suppliers, employees and collect payment from customers. Whilst there is no legal requirement to have a UK bank account attached to your UK entity, it is often easier and cleaner to have one, so you can keep your UK entities transactions contained."

- Kevin Rutter, CEO -



The aim of this guide is to discuss the following key points:



How can we trade in the UK without an account



Solutions for a UK business bank account



Tips on opening a UK business bank account

There is no legal requirement to have a UK bank account, and in the early stages many clients will begin to trade using their overseas bank account once the entity is setup. It is possible for your customers to pay UK invoices into your overseas bank account, albeit you and your customer may experience bank and currency charges, so this may not be attractive longer term.

Payments to suppliers, HMRC and employee salary costs can also be made from your overseas account, but again you will face similar issues as described above.

The challenges you may face:

> Pension contributions must be taken by Direct Debit from a UK bank account – so if you are onboarding employees you must have a suitable solution.

> HMRC will issue refunds via cheque, which must be deposited into a UK bank account – so if you have no facility you may struggle to reclaim VAT or other taxes.

> Sponsorship and Visas are likely to require a UK bank account.

Why is it so difficult?

Banks are risk adverse, due to the potential reputational damage, along with fines & penalties if their clients are caught laundering money. The verification process banks must undertake is extensive, and they need to feel comfortable that their clients have obtained the deposited funds from legitimate sources.

For many of our clients, the Directors are often based abroad, and if they have limited UK physical presence (such as their own office), then the bank may deem this to be too risky, and may choose to decline their application. The requirements vary from bank-to-bank, so we have summarised these later in the document.

Good to Know: A Nordic Solution

For clients who reside in the Nordics, our client account facility may provide a solution through which you can fulfil your responsibilities around workplace pensions. This will allow you to onboard employees quickly, whilst your own account is being setup.



Qualifying Criteria for Various Banks

| Name of Bank | UK Director Requirement | UK Address Requirement | Turnover Requirement | Other |
|-----------------------|-------------------------|------------------------|----------------------|---|
| Allied Irish Bank | ✓ | ✗ | ✗ | |
| Barclays | ✗ | ✗ | ✗ | Branch director to visit a branch |
| ClearBank | ✗ | ✗ | ✗ | FCA/PRA registered only |
| Co-op Bank | ✓ | ✓ | ✗ | UK director or employee |
| Coutts & Co | ✗ | ✗ | ✗ | £1 million deposit required |
| HSBC | ✓ | ✗ | ✗ | 50% of the directors |
| HSBC Corporate | ✓ | ✗ | ✓ | 50% of the directors & £2 million + turnover |
| HSBC Kinectic Account | ✓ | ✗ | ✗ | 1 x shareholder UK resident |
| Lloyds | ✗ | ✗ | ✗ | |
| Lloyds TSB | ✗ | ✗ | ✗ | |
| Metro | ✓ | ✗ | ✗ | All director and shareholders |
| Monzo | ✗ | ✗ | ✗ | Director to have personal account |
| Natwest/RBS | ✓ | ✗ | ✗ | Main person on the account |
| Santander | ✓ | ✓ | ✗ | UK director or employee |
| Santander Commercial | ✗ | ✗ | ✓ | Turnover of £6.5 million+ |
| Starling | ✓ | ✗ | ✗ | All directors and PSCs |
| SVB | ✓ | ✗ | ✗ | |
| Tandem | ✓ | ✗ | ✗ | |
| Tide | ✓ | ✗ | ✗ | Goodwille's address is acceptable |
| Ulster Bank | ✓ | ✓ | ✗ | UK shareholders + company must be based in NI |
| Wise | ✓ | ✗ | ✗ | |

3 Tips on Getting a UK Bank Account

> Start with Disruptive Bank

Disruptive banks such as WISE, Monzo, Revolut or Tide can often be opened quicker than traditional banks. Whilst these accounts may now have all the features a traditional bank would have, they can be used to send & receive payments in the UK. Many of these accounts can be opened via your smartphone by uploading documents for verification.

> Grow your UK presence

Increasing your presence in the UK will give you an improved chance of success, as you will be able to apply to more banks. Many banks will be more inclined to open you a facility if you have a UK based Director, or your own UK office (rather than a virtual solution or co-working space). Being able to demonstrate a commitment and investment in the market will improve the confidence of the banks in your application.

> Try Your Overseas Provider

Your overseas banking partner may be the key to unlocking a UK banking solution. Many overseas banks have a presence in the UK, and if they do not, they may have a partner bank through whom they can offer solutions. This can often be quicker than approaching UK banks too, as they will often have your verified documentation on file. We recommend reaching out to your overseas Account Manager to explore this option initially.

Summary

Regardless of the size or reputation of your overseas business, the decision to provide you a UK facility will ultimately be made by the size and activities in your UK operation. Being able to demonstrate a commitment to the UK market will be fundamental to having an account opened. Whilst the qualifying criteria for an account is often publicly available, many of the decisions are made based on relationships, and leveraging any existing personal or business banking contacts can be helpful.

The process is likely to be long winded, and frustrating, with many knock-backs. We encourage you to apply to a number of banks at the same time and be prepared for the process to take up to six months in many circumstances.



How can we help

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Although the UK is one of the best places to do business in the world, complying with all the legal requirements can be a considerable burden to many businesses. Therefore, it is highly advisable to seek expert advice.

This is what we do here at Goodwille. We work closely with companies from around the world helping them enter and expand into the UK. Our expert team are here to assist and take care of all the set up process of your business in the UK from Corporate Governance, Accounting, Human Resources to Payroll and we will ensure all your compliance and reporting obligations are met.

To find out more visit: goodwille.com

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Disclaimer: This guide is correct at the time of publishing. You should seek legal advice specific to your situation. Please contact us if you have any questions about the information set out above.