

Can banks take money to pay debt without permission?

What does 'right to offset' mean?

The right to offset, also known as the 'right of setoff' or 'setting off', allows banks to transfer funds from your bank or savings accounts to pay off debts that you hold with them, such as credit cards, loans or overdrafts.

While any business can add set-off terms to its contract, banks have an automatic right to do this and don't need to gain your permission.

And while they should let you know that they're going to exercise their right, they don't have to inform you ahead of time.

How can I stop this from happening?

While it's rare that banks do this, if you want to avoid this happening to you, it's worth considering moving your account to a bank that's unconnected with your existing debts.

If you decide to switch banks, make sure you also let your employer know that your wages will need paying into your new account. The same applies with other forms of income such as benefits, tax credits, pensions and things like investment income. Make sure you also consider any direct debit payments and standing orders you have set up which you'll need to switch to your new account too.

Your employer, local authority, HMRC or the Department of Work & Pensions might also need to be made aware by a certain time in order to pay your wages into a new account, so check how much notice they need.

Can I get a refund from a right to offset?

Before using the right to offset, banks should check if you're in financial difficulty and leave you enough money to cover reasonable day-to-day living expenses and priority debts.

If they haven't taken these rules into consideration, you should contact them and explain your situation. In most cases, if you can show you're struggling financially, they should refund the money.

If they refuse, you can exercise your own Right of First Appropriation that instructs the bank to ensure that your priority debts are covered.

Can I get my bank to switch it all over for me?

It depends on your bank.

Most banks offer a switching service that helps you switch accounts within seven days. To find out which banks offer this, check out [Current Account Switch Service \(CASS\)](#).

What if I don't want to switch?

It's still important to talk to your bank if you're struggling with debt as they will be able to help you explore what options are available to help you or put you through to a company like PayPlan for further support.

Remember, if you're unable to keep up with repayments, our team are here and ready to help.
