



Financial survival skills

Age range: 16-19



Bank Account Comparison tool

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Ashraf: student sheet

- Age 21. Working full-time in a tech job, walking distance from home
- Likes to buy the latest tech products, which he doesn't always have the money upfront for
- Thinks about the future a lot as he wants to complete a computer animation course and needs to save to pay for it
- Doesn't tend to spend a lot on going out with friends or transport
- Would like a convenient way of keeping track of his money



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Caroline: student sheet

- Age 19. Studying at college and has a part-time job
- Likes to shop and keep up with the latest designer trends, but is also generous and spends money on other people
- Tends not to think of the future, and believes 'life is for living' so doesn't save much each month
- Has a car to get to work, and gives lifts to her friends as most of them don't have a car

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Eddie: student sheet

- Age 17. Parents have supported him in managing his money, but they would like him to start taking more responsibility
- Doesn't get an allowance but his parents have been putting aside regular savings for him since he was little
- Just got a part-time job, and would like to save some of this money for when he goes to university next year

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Natalia and Liam: student sheet

- Age 25. Working full time and have a 5 year old daughter
- Natalia works over time at weekends so they have extra money but they like to spend on their daughter, so find it hard to save
- Liam isn't great at keeping track of his money and has had trouble paying off a credit card and overdraft in the past



Reading a bank statement

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Here are some terms that you will find on a bank statement. The following slide provides definitions.

Statement period		Account Name	Account Number	Sort code	
1 June to 30 June		Mr N E One	68564539	00-00-00	
Date	Payment Type	Details	Paid Out	Paid In	Balance
1 June		BALANCE BROUGHT FORWARD			£148.85
5 June	ATM	ATM Hackney	£20.00		£128.85
8 June	DR	Charge	£1.75		£127.10
11 June	POS	Super supermarket	£87.00		£40.10
12 June	DD	Severn Trent Water	£18.00		£22.10
17 June	CR	Wages		£335.00	£357.10
21 June	SO	Anybank loan payment	£50.00		£261.90
24 June	CHQ	000478		£185.00	£446.90

Reading a bank statement: definitions

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Account number: Your unique reference that identifies each customer

ATM Automated Teller Machine: a cashpoint

Balance: a running total of how much you've got in your account and how much you have at the end of the period of this statement appears at the end

Balance brought forward:
How much you had at the start of this period of time

CHQ Cheque


CR Credit: money went into your account

Dates: shows when the money left or entered your account. This might be different to when you paid for something, as there can be a delay between the transaction and the money leaving/entering your account

DD Direct Debit: a form of regular payment based on an agreement that someone (usually a company) will withdraw money from your bank account

DR Debit: money left your account

Paid in/paid out: The value of each transaction.
You may instead see: • 'debits' instead of 'paid out' • 'credits' instead of 'paid in'

POS Point of sale: money left your account, generally a purchase from a retailer. Contactless payments are likely to be reflected with this code and with the symbol 

SO Standing Order: a payment you can set up either to pay another person or organisation as a one off or on a regular basis. You can set up, amend or cancel the payment as and when you like

Sort code: a six-digit code that identifies your bank and the branch

Statement period:
the time period covered by the statement

Top tips for current accounts

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- Shop around for best deal to meet your current needs
- Check that any 'freebies' add value
- Change your account type if you needs change
- Check any 'fee free' overdraft offers for students
- Set up text alerts to keep track of your balance



Your bank account statement contains very important personal information. In the wrong hands this could lead to identity theft or someone accessing your account so it is really important to:

- Make sure your details are correct. If you're moving home, tell your bank
- Keep bank details somewhere safe. Don't leave them lying around
- Check your statement regularly to account for all of your transactions and notice any unusual activity. Make sure you understand all acronyms and terms
- Shred paper statements rather than throwing them out, or opt for online paperless banking

Pros and cons of credit cards: student sheet

✓ Advantages	✗ Disadvantages

Pros and cons of credit cards

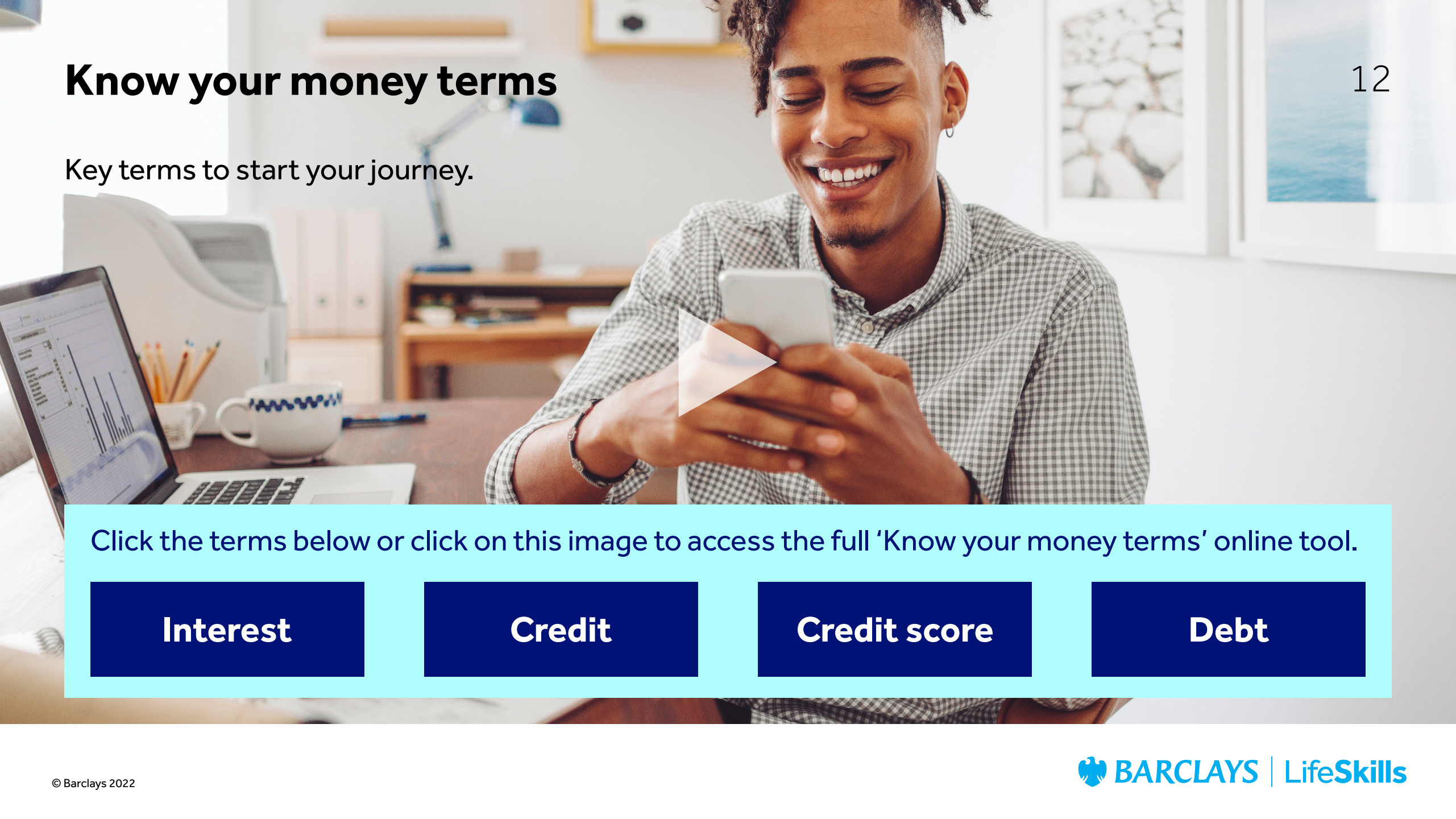
11

✓ Advantages	✗ Disadvantages
<ul style="list-style-type: none">✓ Can give you up to 51 days of free credit which can help with budgeting✓ There are some good 'points' and 'cashback' offers to take advantage of✓ Interest-free 'balance transfer' offers over a period of time can be helpful provided you pay the right amount off each month to ensure the debt is clear by the end of the interest-free period	<ul style="list-style-type: none">✗ Very high interest rates if you don't pay off the balance in full each month✗ You need to have a regular income to be approved at application✗ It's easy to get 'carried away' by having ready access to money that you may not be able to afford to repay

Know your money terms

Key terms to start your journey.

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Click the terms below or click on this image to access the full 'Know your money terms' online tool.

Interest

Credit

Credit score

Debt

Know your money terms

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Interest

One of two things: either the money a bank adds to your savings, or the amount you need to pay back on top of money you have borrowed, over time.

Credit

Borrowing money from an organisation to help pay for an item or service. You may be able to pay the money back in instalments over a set period of time, but will likely have to pay back with interest.

Credit score

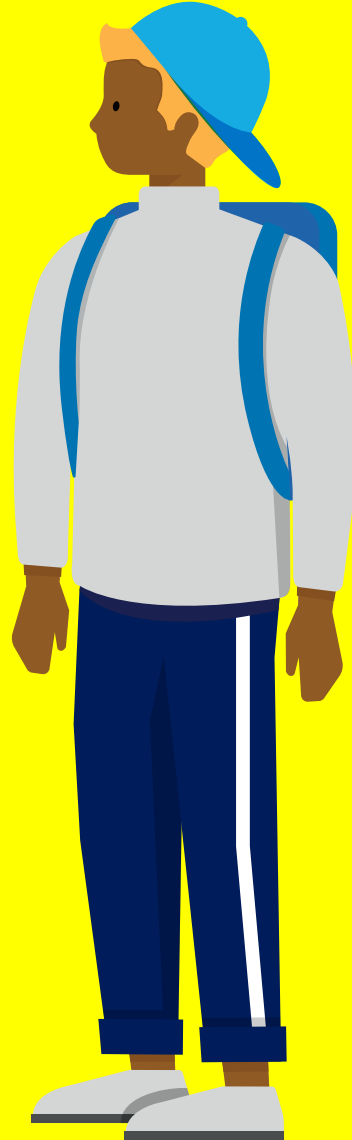
A record of your money habits that looks at your past behaviour, taking into consideration unpaid bills, debts, and credit you have applied for. A rating/score is given to indicate to a bank or lender the likelihood of you being able to repay a loan or money borrowed. Lenders use this information when deciding whether to lend you money.

Debt

Money that is owed to another person or organisation.

APR

The Annual Percentage Rate (APR) is the cost of a loan (i.e. the original loan plus the interest and any set-up fees) over the course of one year. The higher the APR, the more expensive the cost of borrowing.



Example:

If you borrowed **£1,000** with 29.9% APR and paid this back over one year, you would be borrowing **£1,299** (£1,000 loan + £299 interest and set-up fees)

Which credit card?

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Samir has a regular income and a good credit rating. He's decided to apply for a credit card because he travels abroad a lot for his job. As there is a short delay in reclaiming his travel expenses from his employer, a credit card would be a good way to get free credit for a short period. He has every intention of paying off the full balance each month by direct debit. He has no current credit card balances outstanding.

	Card A	Card B	Card C	Card D
Reward	Points (1 per £1 spent) redeemable at shops and restaurants	Free gift (choice of tablet computer or mobile phone)	Charity donation (20p in every pound spent)	Airline loyalty points
APR on balances not paid off each month	18.9%	17.9%	18.7%	17.8%
Additional services	0% on balance transfers from other cards for 20 months	None	0% on balance transfers from other cards for 24 months	No fees on transactions overseas

Which credit card: student sheet

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Which card would you advise?

What factors did you consider in recommending this card for Samir?

Remember: any rewards offered need to have value for the user, e.g. airline loyalty points are not helpful if you never travel abroad.

Which credit card?

What factors should you consider in recommending this card for Samir?

- He has no card balances so the 0% offers are irrelevant
- The APR isn't relevant as he intends to pay off the full balance by direct debit each month
- The points on card A might be useful if he likes to eat out
- The free gift on card B might be tempting but is of low value compared to rewards earned over the lifetime of the card
- Card C is a good option if Samir is looking for an ethical product
- Card D is right for someone who travels abroad a lot as it will save on transaction fees and build up loyalty points for future use

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Top tips for renting accommodation

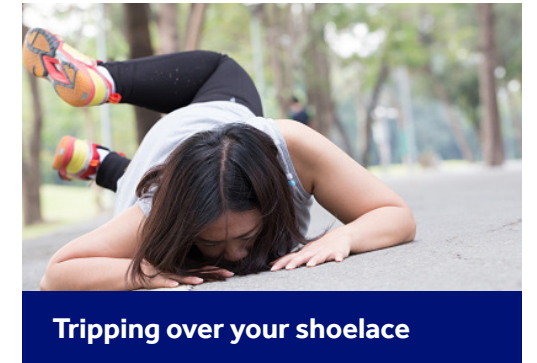
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Tips	
Do your research	<ul style="list-style-type: none">• Find out as much as you can about the letting agent or landlord. If you are renting at university, speak to students in the year above you to find out about their experiences• Ask the right questions so you have some direct comparisons when choosing where to live
Check the inventory when you move in	<ul style="list-style-type: none">• When you move in, the landlord (or agent) should provide you with a detailed inventory of everything in the property. This should be agreed and signed by both parties• Complete a thorough check of the property taking dated photos of anything you might be held accountable for later
Report any problems	<ul style="list-style-type: none">• It's important to create a good relationship with your landlord or agent. If you have any accidents that result in damage then tell them straight away• If you have a problem with the accommodation that needs fixing, again tell them straight away. They have a responsibility to keep everything in good working order for you
Check the inventory when you leave	<ul style="list-style-type: none">• At the end of your tenancy, ask the landlord or agent to take an exit inventory while you are there. This process will record any damage or breakages that could be taken out of your deposit• Check the exit inventory against the one that was done when you moved in and against any records or photos you took at the time. You cannot be charged for anything that was recorded as a fault on the earlier inventory• If you feel any of your deposit is being unfairly withheld you can dispute it through the Tenancy Deposit Protection (TDP) scheme. If it is still unresolved you have, as a last resort, the facility to go through the small claims court, provided you are sure the landlord is being unreasonable

Insuring against risk: student sheet

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There are insurance policies available to cover many different types of situation, and there are some things you cannot insure against. Is it always worth buying insurance to protect yourself against risk?



What types of insurance can you think of?

Insure or save?

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Before you pay for insurance you must consider if it will protect you from the right risks and if the premium (the cost) will provide you with value for money.

Premium

The amount you pay to the insurance provider annually or monthly for your cover

Claim

Requesting that your insurance provider compensate you for loss, damage or injury that is covered by the premium that you have paid

Excess

A contribution you make towards your claim above your premium – a smaller premium usually means a larger excess

Ronnie's insurance policy

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Ronnie's laptop was bought new for £250 with a laptop bag costing £18.

Ronnie's policy

The annual insurance premium is:



or



Policy details:

- Repair of broken or damaged laptop within 10-14 days of making a claim
 - Replacing lost or stolen laptop with one of the same value at the time of the theft or loss. Replacement to arrive in 7-10 days
 - £100 excess (payable when a claim is made)
-
- Paying by monthly installments will sometimes end up costing more than paying up front, and some insurers will require the policy holder to enter a credit agreement
 - There may be a cancellation charge if canceling any annual policy mid term, but this should be disclosed in the sales process

Top tips for buying insurance

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Type	Tips
Travel	<ul style="list-style-type: none">• How often will you travel in a year? If more than once then an annual policy may work out cheaper• Where will you travel? European policies are cheaper than worldwide• Check the level of baggage cover. You only need sufficient cover to replace what you take with you• If you're taking part in any extreme sports check you have the right cover for equipment and accidents• Shop around online for the best quote. Use a comparison site to help you• If you live with your parents, check if you are covered on a family policy before buying• Once you have a policy, put the renewal date on your calendar a week before it expires. Don't allow the policy to automatically renew without checking for a better deal first
Personal possessions	<ul style="list-style-type: none">• If you are going to university, check if your belongings are covered away from home on your parents' contents policy. If you are in halls of residence, check if insurance cover is included in your rent• Think about the value of the possessions you have. If everything was stolen or damaged, would you be able to replace them without insurance help?• If you are in rented accommodation check with the landlord what buildings cover is included in the rent. Are you covered for accidental damage to the property?
Mobile phones	<ul style="list-style-type: none">• If you have a home contents policy, check if mobile phones and tablet computers are included (you would need to have cover for items outside the house)• Don't take the phone provider's insurance automatically when you buy your phone, without being sure you really need it. Shop around for the best deal
Car insurance	<ul style="list-style-type: none">• Decide on the level of cover you need. Make sure you understand the difference between comprehensive cover and third-party cover• Don't allow your policy to automatically renew. Get a new quote every year (even from the same company) as the renewal fee quoted is often higher

Credit score definition

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"A score given to you by a financial company, which indicates whether you're likely to be a safe, profitable customer."



What's in a credit score?

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Tick the boxes of the elements that are used to make up a credit score

Description	Yes	No
Credit reference agency files		
Parking fines		
Council tax arrears		
Application form		
Medical history		
Criminal records		
Savings accounts		
Salary		
Past dealings with the company		
Account data from other companies		

Credit check

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Credit history

- Information on application form
- Credit reference agency files
- Account data from other companies
- Past dealings with company

Will this person be a good customer?

Yes

Have £2000 credit

No

Application rejected

Credit reference agencies

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- Experian, Equifax and Callcredit are the most commonly used companies in the UK
- They put together information about your credit history:
 - Electoral roll information
 - Court records
 - Search, address and linked data
 - Fraud data



Why can't I get credit?

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Zainab is 18 and has applied for her first credit card, but she has received a rejection. She doesn't know why her application has been rejected; she has always been very careful with her money and doesn't think there should be anything bad on her credit file. She orders her credit file and checks through it.

Credit agreements

Good	You have 2 active accounts and 1 settled account on file at your current address. Credit grantors prefer that you have at least one or two accounts as part of your credit profile at your current address. Active accounts are preferred to settled accounts
	You have no active accounts and 2 settled accounts on file at your previous address(es). Settled accounts at your previous address can improve your chances of getting credit if you have a limited credit profile
	Your oldest account is 5 or more years old. Credit grantors prefer to see accounts opened at least 3 years
	You have no derogatory items in your payment history
	All payments on your accounts are up to date
	Credit reference agencies are receiving periodic updates from your credit grantor(s) that reflect you have made payments on time in the past
Excellent	You have no defaults

Electoral roll

You are not presently shown as registered on the electoral roll. Credit grantors generally prefer at least 3 or 4 years of confirmed residency as this indicates stability

Searches

You have had 5 search(es) for credit in the last six months. Credit grantors view more than one or two searches within six months unfavourably

Court information

You have no information in your credit report that indicates a Court Judgment or other public record information such as a bankruptcy in your name. Credit grantors view this favourably

Why can't I get credit? - answers

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Good	You have no active accounts and 2 settled accounts on file at your previous address(es). Settled accounts at your previous address can improve your chances of getting credit if you have a limited credit profile
Excellent	Your oldest account is 5 or more years old. Credit grantors prefer to see accounts opened at least 3 years
Excellent	You have no derogatory items in your payment history
Excellent	All payments on your accounts are up to date
Excellent	Credit reference agencies are receiving periodic updates from your credit grantor(s) that reflect you have made payments on time in the past
Excellent	You have no defaults
Electoral roll	
Poor	You are not presently shown as registered on the electoral roll. Credit grantors generally prefer at least 3 or 4 years of confirmed residency as this indicates stability
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Court information	
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Summary: Checking your credit score and keeping a good score 29

It's important to check your credit score from time to time, to make sure no mistakes have appeared on your record. How can I improve my credit score?

If your score isn't looking good, or if you want to make sure it stays healthy, follow these top tips.

- Make sure you're on the electoral roll: as soon as you're 16 years old, you can register to vote if you're a British citizen or an Irish, EU or qualifying Commonwealth citizen. See aboutmyvote.co.uk for more information and to register
- Avoid applying for lots of credit, including insurance and mobile phone contracts, in a short time
- If you're getting quotes for a loan, try asking the lender to do a 'quotation search' rather than a 'credit search'. Each credit search is listed on your file, so too many can harm your score, but a quotation search (or 'soft search') won't be recorded
- Have a good history: if you miss payments on a credit card or go over your limits, this will be recorded and it will affect whether you can get credit in the future. Always make at least the minimum repayment, or pay it off each month if you can
- If you're struggling to make repayments, contact the lender to get help rather than missing payments
- If you don't have a credit card at all, you'll have no history. So it's a good idea to have a credit card and use it carefully
- Sharing a mortgage, loan or bank account with someone who has a bad credit score can affect your finances so be careful when applying for a joint product
- The longer you stay at one address, the better – even better if you're a home-owner rather than a renter. Keeping the same employer and bank account, and using a landline telephone number rather than a mobile, will all show that you're more likely to be a reliable customer
- If you're rejected for credit, check your credit file immediately in case there's a problem or mistake on it. If you keep getting rejected, this will also be recorded on your file, even if the rejections are caused by a mistake
- Cancel any credit cards you no longer use: having too much credit can lower your score, even if you don't use it

Financial fraud terms: student sheet

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Money Mules

Social engineering

Phishing and smishing

Online scams

Vishing

Financial fraud terms: definitions

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Money Mules

A “witting” mule assists the crime by providing the bank account where the proceeds of any fraud or scams can be paid to. Fraudsters and scammers can open an account themselves using fake ID, or can convince someone who already has a bank account to receive money on their behalf.

Social engineering

Fraudsters manipulate or trick people into exposing their personal or financial information, through fake emails, phone calls, text, posts on social media. These can be very complex attacks, some combining various sources of information about you to appear more convincing.

Phishing and smishing

Fraudsters send emails or text messages that appear to be from a genuine company. They typically ask you to make urgent contact via a telephone number within the text or via a website address, due to an unauthorised payment.

Online scams

Scammers advertise goods or services that don't exist or aren't theirs to sell. They convince you to send the payment directly to their bank, but the goods never arrive or are not as advertised.

Vishing

A phone call from a fraudster posing as an employee of a reputable company or organisation, who will come up with a plausible story to get you to share your financial/personal information. They can fake their telephone number and do some basic research online to get unique details about you to sound more convincing.

Financial fraud, scams and identity theft in action

Case study 1 – Deets and squares

"Priya had been looking for a job to earn some money, when she was approached outside her college by someone who offered her a way of making easy cash. They asked Priya to share her bank details so that money could be transferred into her account for a short period of time.

She agreed when they said that whilst £500 would be transferred in, only £450 would be taken out and she could keep the rest."



Top tips for protecting yourself from fraud, scams and identity theft

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1. Check how much personal information is public on your social media accounts. Fraudsters can use information such as your birthday, home town, pet names, holiday dates, or job title to steal your identity and apply for bank accounts or buy products in your name
2. Never share your PIN, bank details or passwords with anyone who approaches you or contacts you through text, email, phone or in person, and don't write them down
3. Phone organisations directly from the number listed on their website to verify who is contacting you
4. Password protect your devices using random words and include symbols, numbers and capitals and regularly change them. Don't use the same password for different things
5. Limit your online activity when using open public WiFi connections, including logging on to your email, online banking and online shopping. Think before you let website forms remember your details for next time
6. Check the web address begins with 'https' and that there's an unbroken padlock symbol in the browser address bar, especially when online shopping. You can hover over links without clicking to see the destination
7. Install anti-virus software on your laptop and any other personal devices and keep it up to date
8. Think carefully before clicking links in emails as fraudsters rely on mimicking a trusted organisation to get you to take action