



Keep your account knowledge current

While the current account market may be uncompetitive it's worth examining your options, writes Emma Kennedy

When it comes to reviewing your finances this year, do not forget to question how much you pay for simple day-to-day banking.

The answer? Probably more than you did a year or two ago. Banks have increasingly moved towards a fee-based model for their current account offerings, with consumers facing hefty bills as a result.

The exit of a number of players from the market spells further bad news for consumers, with Siobhán Howe, assistant director of public awareness and financial education at the National Consumer Agency (NCA), saying that the current account market was uncompetitive. "There are only six current accounts in the market now, one per provider," she said. "And the two main providers have about 70 per cent of the market."

Consumer switching in the current account market remains low, according to Howe. "And even if you switch now, there's no guarantee that the bank won't start to apply charges," she said.

Recent research conducted by Amárach Research on behalf of Permanent TSB found

that eight out of ten Irish people underestimate the amount they pay in bank charges by up to 50 per cent. The research found that a typical family will pay €260 in bank charges for their current account this year.

EBS

The Money Manager account allows for five free withdrawals per month once you lodge €1,500 to the account each month, either at once or by way of several smaller lodgements. Alternatively, you can qualify for the five free withdrawals by maintaining a minimum balance of €500 in your account. A charge of €0.30 per ATM transaction applies if the minimum qualifying criteria is

not met and after the five free ATM withdrawals have been used.

AIB

Customers must maintain a current account balance of at least €2,500 to avoid transaction fees. If you fail to maintain your balance at that level, the bank charges a quarterly account maintenance fee of €4.50, and imposes transaction fees, up to 39 cent per transaction, on top of this charge.

Bank of Ireland

Customers must maintain a balance of at least €3,000 to avoid fees, with a maintenance fee of €5 per quarter even if the balance is maintained. There are also transactions charges up to 40 cent per transaction.

KBC

Consumers have to pay maintenance fees of €6 per quarter. To avoid additional fees for using ATMs and cheques, you need to maintain a balance of €2,000 in your account. No fees apply to online, mobile banking and point of sale transactions.

Permanent TSB

To qualify for fee-free banking, customers must lodge €1,500 to their account every month or face a €12 quarterly fee for

transactions.

Ulster Bank

The bank charges a monthly maintenance fee of €4. However, customers who lodge €3,000 to their account each month, either in one chunk or instalments, or those who maintain a minimum balance of €3,000 will not be charged the fee.

With fees increasingly difficult to avoid, Howe said that the focus for many current account customers was now on learning how to use their current accounts more efficiently to minimise bank charges.

The key to reducing the fees you pay is changing your habits. For example, when using your debit card to make a purchase, request cash back as part of the same transaction, and avoid a trip to the ATM, so you pay for only one transaction, rather than two.

Also, if your bank charges lower fees for electronic transactions than for paper ones, try to switch to the lower-cost option.

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Dealing with debt: the four things you need to know

1. Face the facts

Before you can solve a debt problem, you need to know the scale of it. The Money Advice and Budgeting Service (Mabs) stresses that the more quickly you address your debts, the more chance you have of tackling them.

As with any financial review, you need to look carefully at your income and expenditure, and list all your outstanding debts to get a sense of the total owed.

The next step is to determine how much is available to repay your creditors. Try to come up with an alternative repayment plan that works for you and is accepted by your creditor.

2. How to deal with your lender

Trevor Grant, chairman of the **Association of Expert Mortgage Advisers**, said that the first step for those with mortgage debt was to face up to it. "Respond to your lender and co-operate with them," he said. "This is vital or you will lose protections which are afforded to you by the Central Bank."

The Central Bank's code of conduct on mortgage arrears governs the way that lenders interact with mortgage customers in arrears and pre-arrears. It was revised last year, giving lenders more leeway. For example, banks now have the power to remove a customer's valuable tracker rate, but only as a last resort.

However, on the plus side, banks must now give borrowers more clarity on what constitutes non-cooperation. Lenders

have to include more detail in their mortgage arrears resolution process booklet, such as outlining how alternative repayment arrangements work and their key features.

A range of voluntary solutions can be offered by lenders to tackle mortgage arrears, including a period of interest-only repayments, an extension of the mortgage term, or a payment moratorium.

Longer-term options, such as split mortgages, are also potential solutions, but banks have been slow to use these.

3. Your insolvency options

The Insolvency Service of Ireland (ISI) has approved two types of debt experts - approved intermediaries (AI) and personal insolvency practitioners (PIP) - to broker debt relief deals. Depending on their circumstances, those in debt can apply for either a debt relief notice (DRN), a debt settlement arrangement (DSA) or a personal insolvency arrangement (PIA). For a DRN, a debtor will be helped by an AI. For the other two debt relief options, PIPs will work on behalf of debtors.

4. The last resort?

New bankruptcy laws came into force last month. Under the new rules, automatic discharge from bankruptcy will happen, subject to certain conditions, after three years instead of 12. Bankruptcy is an onerous process. For some, it is the only viable route out of debt, but it is not a road to be taken lightly.

- compiled by Emma Kennedy

Top tips on tax relief

Taxpayers are entitled to a diverse range of tax credits and reliefs, but many go unclaimed every year. Make sure you don't miss out.

* You actually have four years to make your tax relief claim. That means claims can still be made for 2010, 2011, 2012 and 2013.

* Keep receipts for visits to the doctor, prescription drugs, consultants' fees and other medical expenses. Tax relief for medical expenses is granted at 20 per cent.

* It's getting increasingly easy to claim tax relief online. Revenue has developed its online services in recent years, with Paye Anytime for Paye workers and its Revenue Online Service for businesses and the self-employed. There

is even an app to claim tax relief on medical expenses.

* Some personal tax reliefs have disappeared, such as relief on trade union subscriptions and service charges.

Others are being phased out, such as tax relief on mortgage interest and rent relief. Mortgages taken out after December 31, 2012 do not qualify for mortgage interest relief.

* Many workers are unaware that they are entitled to claim flat-rate expenses, which are designed to partially reimburse taxpayers for things like purchasing and maintaining a work uniform. Flat-rate expenses can be deducted from your income before tax. For example, nurses who are required to provide and launder their uniforms are granted a deduction of €733.



To minimise fees, consumers need to change their banking habits

Picture: Bloomberg