

## Changes to overdrafts

The FCA has rolled out new measures to help those affected by COVID-19. In order to access this forbearance, you will need to speak to your creditor.

[From FCA website]

### **If you have an arranged overdraft**

You can ask the provider of your main current account for up to £500 of overdraft borrowing with no interest, for three months. Some providers have already announced they will provide interest-free overdraft facilities. To find out what your bank or building society is doing, check their website.

### **If your current arranged overdraft is below £500**

You will not pay any interest on overdraft borrowing up to your current overdraft limit.

You could also ask your provider to increase your overdraft limit to £500, subject to checks on affordability.

### **If you don't have an overdraft**

You can request a new overdraft. This will be subject to normal checks on affordability.

### **If your current arranged overdraft limit is more than £500**

Overdraft providers are only required to provide up to £500 interest-free.

### **When this applies**

You will be able to request help for a period of three months. This three month period will start from the date you agree with your lender.

### **If you have a basic bank account**

These overdraft measures apply to personal current accounts, but not basic bank accounts (that legally can't have overdrafts), so contact your provider about what's possible for you.

### **New overdraft rules**

The FCA previously announced new rules meaning that firms can only charge a single annual interest rate for arranged and unarranged overdrafts, with no additional daily charges.

These new rules came into force on 6 April 2020. However, over the next three months, firms will have to ensure that no consumers are paying more than they would have paid before the changes came into force.

[More info here](#)