

Current Accounts

Understanding overdrafts

This guide is designed to help you understand how your overdraft works so you can have more flexibility and control when managing your money.

Words we use

Here are some of the key phrases that apply to your overdraft and what they mean:

- **Overdraft** – a credit facility that allows you to spend more money from your current account than you have in it.
An overdraft is designed to help with short term borrowing. For longer term borrowing, other credit options may be more suitable.
There are two types of overdraft:
 - **Arranged overdraft** – we and you agree in advance that you may borrow money when there is no money left in your account. The agreement determines a maximum amount that can be borrowed, and whether fees and interest will be charged to you.
 - **Unarranged overdraft** – you borrow money when there is no money left in your account (or when you have gone past your arranged overdraft limit) and this has not been agreed with us in advance. We don't normally allow unarranged borrowing on our accounts.
- **Arranged overdraft limit** – the level of arranged overdraft we have formally agreed with you before you use it.
- **Allowing a payment despite lack of funds** – we allow a payment to be made from your account although there is not enough money in it (or it would take you past your arranged overdraft limit).
- **Refusing a payment due to lack of funds** – we refuse a payment from your account because there is not enough money in it (or it would take you past your arranged overdraft limit).
 - **Refused payment fee** – Nationwide doesn't charge a Refused Fee on any of its current accounts.
- **APR** – this stands for Annual Percentage Rate. It includes all the costs of borrowing including certain account fees and promotional rates. It's for comparing costs between different products and providers. For Nationwide this is the same as the compounded rate.
- Our **compounded** interest rate is the rate of interest you'll pay on your overdraft over a year and shows that we charge interest each month on your balance and this will include any interest which has already been added to your account.

Using an arranged overdraft on the FlexAccount, FlexDirect and FlexPlus account

Product	Annual interest rates payable for arranged overdrafts		Annual interest rates payable for unarranged overdrafts	Refused payment fee
FlexAccount	39.9%		0%	£0
FlexDirect	For accounts opened before 25 September 2024 ¹ - 0% (for 12 months depending on eligibility) and then 39.9%	For accounts opened on or after 25 September 2024 ¹ - 39.9%	0%	£0
FlexPlus	39.9%		0%	£0

¹or 1 January 2025 for FlexOne and FlexGraduate migrating to FlexDirect.

FlexAccount, FlexDirect & FlexPlus, Representative example

39.9% APR representative (variable). Based on an assumed arranged limit of **£1,200** and an interest rate of **39.9% per year** (variable).

How do our overdrafts compare?

A good way to compare the cost of our overdraft with other overdrafts or other ways of borrowing is to look at the representative APR. The APR shows the cost of borrowing as an annual rate.

How much does my overdraft cost in pounds and pence?

As an example, the interest cost of borrowing £500 is:

7 days	30 days	60 days
£3.26	£13.99	£28.27

You can use our calculator to work out how much your anticipated arranged overdraft borrowing would cost over different periods of time.

For the 60 day example, we've applied the charges for the first 30 days, on day 31.

This means that the charge in the second month is higher as we charge interest on the interest you've incurred up to that point.

How we calculate your interest

39.9% is a **compounded** rate which shows the effect of charging interest on interest. This is the same as our uncompounded annual rate of 34.049% (variable). We use this uncompounded annual rate of 34.049% (variable) to work out interest for each day where you have an overdrawn amount (up to your arranged overdraft limit). We then add those amounts together and charge it to your account monthly, giving you at least 14 days' notice of the amount. Any interest to be charged will be added to the outstanding balance.

Summary of important information.

Everything's explained in a bit more detail within this leaflet.

- Our arranged overdrafts are designed to help meet short-term borrowing needs.
- Where charges are applicable on the account, they're charged at an interest rate based on how much you borrow and for how long.
- We do not offer unarranged overdrafts. If you attempt to exceed your arranged overdraft limit or spend when you do not have money in your account, we'll normally prevent you from doing this. If you do go into unarranged borrowing, we won't charge you. However, unarranged borrowing can impact your credit score and your ability to make payments or take cash out, so you'll need to bring your account back into credit or within its arranged limit as soon as possible.
- You can ask to increase your arranged overdraft limit via the banking app, Internet Bank. Frequent changes to your arranged overdraft limit can impact your credit score.
- You can ask to remove or reduce an arranged overdraft limit at any time, but you have to pay back any overdrawn balance. With any outstanding interest and charges, you'll be notified at least 14 days in advance. You can do this via the banking app, Internet Bank.
- Our online calculator allows you to see how much it would cost to borrow using your arranged overdraft. Visit **nationwide.co.uk/online-calculator**
- When you start an application, you can first find out if you're likely to be eligible for an arranged overdraft limit and how much we would lend you, all without affecting your credit score.

You may then choose whether you wish to continue with the application.

Visit **nationwide.co.uk/online-calculator**

- Unless you've previously opted out of receiving these alerts, you'll automatically receive a text if:
 - you've entered your arranged overdraft or are about to (arranged overdraft alerts),
 - you have exceeded your arranged overdraft, or gone overdrawn if you do not have an arranged overdraft (unarranged overdraft alerts), or
 - a scheduled payment has not be made due to a lack of funds but will be retried later that day (retry alerts).

These alerts can assist you to manage your overdraft use and associated costs, including by letting you know when you have incurred or will incur charges. You can customise these alerts by texting "STOP UNARRANGED" to 65037 to opt out of unarranged overdraft alerts; "STOP ARRANGED" to 65037 to opt out of arranged overdraft alerts; or "STOP" to 65180 to opt out of retry alerts. If you wish to opt back in you can do this in branch. You can also choose to opt into high balance, low balance, and statement alerts on our banking app or the Internet Bank.

Unarranged overdrafts

We don't offer unarranged overdrafts at Nationwide – so if someone tries to go over their arranged overdraft limit, we'll stop this from happening (where possible). This gives you the reassurance of knowing that when you set an arranged overdraft limit with us, that is the most you can be charged for.

Do you charge for unarranged overdrafts on the rare occasions this situation may happen?

On the rare instances someone may go into an unarranged overdraft, we won't charge fees or interest. If you have an arranged overdraft and exceed your limit, we'll charge you each day on your balances up to your arranged overdraft limit, but no more than that. So for example, if you have a £500 limit and borrow £550, we'll still charge you 39.9% per year on the £500 but we will not charge you on the £50 of unarranged balances. However, while you are in an unarranged overdraft you won't be able to make further payments or take cash out.

If I find myself in unarranged borrowing and therefore unable to make payments, what do I need to do?

While you are in unarranged borrowing and have exceeded your arranged limit (or gone below zero where you don't have an arranged overdraft limit) you won't be able to take cash out or make payments until you bring your account back within your arranged limit or into credit. To carry on using your current account, you'll need to either:

- a) Bring your balance out of unarranged borrowing – either within your arranged limit or above £0.00 if you don't have an arranged limit.
- b) Review your arranged overdraft limit to better suit your borrowing needs. You can find out more in the section below under 'How do I set up or amend my arranged overdraft limit?'

If you don't feel able to do the above, then please get in touch and we'll try to help. You may also find useful information at [nationwide.co.uk/moneyworries](https://www.nationwide.co.uk/moneyworries)

I've heard the term “Monthly Maximum Charge” – what is Nationwide's?

The Monthly Maximum Charge (MMC) is the most you'll pay each month in fees, charges and interest for any unarranged borrowing. The regulatory term is specific to unarranged charges – so our monthly maximum charge is now £0 as we do not charge you for unarranged borrowing.

Using an arranged overdraft on the FlexOne, FlexStudent and FlexGraduate account

Product	Annual interest rates payable for arranged overdrafts	Annual interest rates payable for unarranged overdrafts	Refused payment fee
FlexStudent	0%	0%	£0
FlexGraduate	0%	0%	£0
FlexOne**	0%	0%	£0

**An arranged overdraft is only available on FlexOne if you're over 18 years old.

FlexOne (aged 18+), FlexStudent & FlexGraduate Representative example 0% APR
representative (variable). Based on an assumed arranged limit of **£1,200** and an interest rate of **0% per year** (variable).

How do our overdrafts compare?

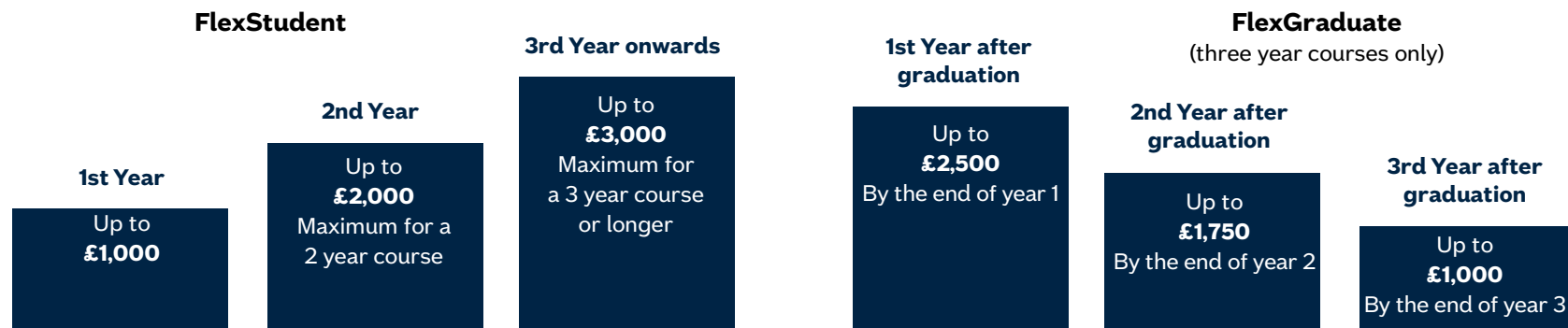
A good way to compare the cost of our overdraft with other overdrafts or other ways of borrowing is to look at the representative APR. The APR shows the cost of borrowing as an annual rate.

How does the FlexStudent arranged overdraft work?

- As soon as your account's open, you'll have access to the first year's maximum available arranged overdraft limit of £1,000.
- In year 2, we'll increase the maximum available limit you can ask for up to £2,000.
- For courses of 3 years or longer, we'll increase the maximum available limit you can ask for up to £3,000.
- You just need to tell us how much you'd like, up to each year's maximum available limit. Don't worry, we won't increase your limit unless you ask us to.
- All overdraft borrowing is subject to our approval and our view of your financial circumstances. This just means we'll look at certain things. For example, you need to be paying in at least £500 a term (or £1,500 in 12 months), managing your account well, keeping a good credit record and living in the UK.

- You can ask us to increase and reduce your arranged overdraft limit whenever you like, so you only borrow what you need, when you need it.
 - If you go above your arranged overdraft limit, you won't be charged. However, we may reject further payment requests until you bring your balance back within your arranged limit. Once your account is back within your arranged limit, you'll be able to continue using your account as usual.
 - After you graduate, your maximum available limits will decrease as shown below (limits and years are different for 2 year courses) and if you're above these limits, you'll have to start repaying your arranged overdraft.

Your maximum available arranged overdraft limit



This is only a summary. For further information on FlexStudent and FlexGraduate overdrafts, please see the FlexStudent Terms and Conditions. You can find these at [nationwide.co.uk](https://www.nationwide.co.uk) on the current account section of the Support pages, or pop into branch to pick up a copy.

Am I eligible for an arranged overdraft?

All arranged overdrafts are subject to status.

I want to open a new current account- how do I find out if I'm eligible for an arranged overdraft?

- Our online eligibility tool is a quick and easy way to check if you might be eligible for an arranged overdraft limit, and how much we would lend you. Find it at **[nationwide.co.uk/online-calculator](https://www.nationwide.co.uk/online-calculator)**
- You don't have to worry about our eligibility tool affecting your credit score, as it uses a 'soft credit check' – meaning it won't have an impact on your credit score. Only if you decide to go on to complete an application for a current account with an arranged overdraft would we let credit reference agencies know that you have arranged an overdraft with us.
- If you don't want to use our tool online, you can also visit us in branch where a Personal Banking Manager will be happy to check your arranged overdraft eligibility.

I already have a current account with Nationwide- how do I find out if I'm eligible for an arranged overdraft and/or increase my arranged overdraft limit?

- You can apply for an arranged overdraft either on the Internet Bank or through the banking app. If you put in the amount you'd like as your arranged overdraft limit, we'll let you know if you're eligible. You can then decide if you'd like to go ahead.
- You don't have to worry about this affecting your credit score, as we use a 'soft credit check' for this, meaning it won't have an impact on your credit score. If you decide to go ahead and complete the application for an arranged overdraft, we would then tell the credit reference agencies that you have arranged an overdraft with us.
- Or, you can ask us for the amount you'd like to borrow in branch, and we'll tell you if you'd be eligible. We'll only let the credit reference agencies know if you decide to go ahead with your application.

How do I set up or amend an arranged overdraft limit?

Simply sign in to the Internet Bank or banking app, or visit us in branch. We may need to carry out a credit search first before we're able to increase your limit.

On the Internet Bank:

1. Select **'View accounts'**
2. Select your account from the list
3. Select **'Overdraft options'** from the menu on the left side of the page
4. Follow the on screen instructions to change your arranged limit.

On our banking app:

1. Select your current account
2. Select **'Manage overdraft'** at the bottom of the screen.
3. Follow the on screen instructions.

Can I see what my arranged overdraft limits are?

Of course. To do this, simply:

- Sign into the Internet Bank, click on your relevant current account and select 'Overdrafts', or
- Sign into our banking app, select 'mini statements' and choose 'overdraft options', or
- Visit us in branch.

How do I reduce or remove my arranged overdraft limit?

You'll need to apply for the lower limit you want (including applying for a £0 arranged overdraft limit if you wish to remove your arranged overdraft). The steps on how to do this are explained above.

A quick word about credit reference agencies and your credit score

- When we use a credit reference agency to carry out a search about you, the agency records this information. If you apply for credit from another organisation, they may be able to see this information. Please remember that if you apply for credit in lots of places, all these searches might make it hard for you to get credit.
- If you feel you might need a larger arranged overdraft limit, let us know beforehand and we might be able to increase your limit for a short time.
- You can ask us to remove or reduce an arranged overdraft limit at any time, but you have to pay back any overdrawn balance. With any outstanding interest and charges, you'll be notified at least 14 days in advance.

How can I keep an eye on my arranged overdraft?

We have lots of handy ways to help you keep on top of your finances.



Stay up to date with helpful text alerts: unless you've opted out previously, we'll send you texts that keep you in the loop about your borrowing. You just need to make sure we have your up-to-date mobile number.

- If you have a FlexAccount, FlexDirect, or FlexPlus account, you'll be opted in for all four of these alerts.
- If you have a FlexOne, FlexStudent, or FlexGraduate account, you'll be opted in for alerts A, B & D, and can choose to opt into alert C via the Internet Bank.

So depending on which account(s) you have, we'll let you know:

- A. Whenever you enter your arranged overdraft.
- B. When an upcoming scheduled payment will take you into your arranged overdraft.
- C. When a scheduled payment hasn't gone through because there's not enough money in your account (and we'll try this same payment a second time).
- D. When a payment you've made takes you over your arranged overdraft.

Plus, there are **additional alerts** you can choose to sign up for, too – for example, there's one that will let you know if your account balance falls below a certain amount.

If you ever want to opt out

We hope you find these texts a useful way to stay on top of what's going on with your account, but if there's ever a time when you'd rather not get them, just let us know. Text:

- **'STOP ARRANGED'** to **65037** to opt out of alerts A and B
- **'STOP'** to **65180** to opt out of alert C
- **'STOP UNARRANGED'** to **65037** to opt out of alert D.

If you'd like to see all the alert options available to you, and how you can opt in, please visit nationwide.co.uk/textalerts



Manage your money on the go with our banking app: it's a wonderfully convenient way to keep on track of your finances 24/7.



Work out your borrowing with our online calculator: this allows you to figure out how much it's costing you per month to borrow using your arranged overdraft in the way you do. Just visit nationwide.co.uk/online-calculator



Find money-managing help online: just head over to nationwide.co.uk/moneyworries for lots of tips on budgeting and managing debt.

If I have money worries, what can I do?

Overdrafts are designed to help with short-term borrowing needs. So if you're considering setting up or increasing an arranged overdraft, you should think about how you'll repay the amount you borrow.

What if I get into financial difficulty?

If your circumstances suddenly change and you find yourself in financial trouble:

- Contact us immediately with your account number and some basic financial information ready.
- Provide us with the information we ask for regarding your financial circumstances and stay in contact with us.
- We'll treat you positively and sympathetically, replying to your queries within reasonable timescales.
- We'll discuss your options to help reach a solution that suits us both.
- For tips on avoiding overdraft charges see nationwide.co.uk/moneyworries

I want to seek help on my arranged overdraft, but I'd rather not talk to Nationwide

If you'd rather not speak to Nationwide, debt charities can offer help, support and advice. You can call National Debtline on **0808 808 4000** - or get in touch with StepChange through stepchange.org or **0800 138 1111**.

Will my arranged overdraft ever be reduced or taken away?

- As a responsible lender, we regularly review our members' overdraft usage. In certain circumstances, we may reduce your arranged overdraft amount. This will only be done after carrying out a number of checks.
- You'll be notified in writing of any changes to your limit and if necessary we may ask you to pay back your arranged overdraft balance. If you can't do this please contact us to talk about your circumstances.
- If you don't pay back your arranged overdraft, we may have to leave a record on your credit file.

Responsible lending

At Nationwide, we take our responsibilities as a lender seriously. For details of our approach as a responsible lender, as well as our expectations of you as a responsible borrower, ask in branch or go online for a copy of our responsible lending statement.

Remember you should consider all borrowing options carefully and seek independent advice where necessary.

Ask in branch

Visit [nationwide.co.uk](https://www.nationwide.co.uk)

Nationwide Building Society is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority under registration no 106078.

You can confirm our registration on the FCA's website, [fca.org.uk](https://www.fca.org.uk)

Nationwide Building Society. Head Office: Nationwide House, Pipers Way, Swindon, Wiltshire SN38 1NW.

You can receive this document and others like it, in Braille, large print or on audio CD. Just call **03457 30 20 11** or visit your local branch if you'd like us to arrange this for you.

If you have hearing or speech difficulties:

- You can use Text Relay if you have a textphone. Dial **18001**, followed by the phone number you want to ring
- SignVideo is also available if you're deaf and use British Sign Language. Just visit [Signvideo.co.uk](https://www.signvideo.co.uk)

To find out about other ways we may be able to help, search 'accessibility tools' on [nationwide.co.uk](https://www.nationwide.co.uk)

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