

The basic bank account

An account for you?



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The basic bank account – an account for you?

An account with poor conditions or no account at all? For many people in Austria and other countries in the European Union (EU), that has been a part of life until now for various reasons. This has led to many disadvantages for these people. For example, they needed to pay more for a bank's services. Therefore, the EU has specified in a directive that all consumers have a right to a bank account. This account is called a basic bank account or basic payment account.

The Austrian basic bank account in a nutshell

- All consumers have a right to a basic account.
- A basic account offers all of the services of a normal bank account.
BUT: you are not allowed to overdraw a basic account.
- The basic account costs a maximum of 83.45 euros per year.
If you are part of a socially or economically disadvantaged group, it costs only 41.73 euros.

What is a basic account?

This is how the basic account **differs from a normal bank account**:

1. All consumers have the right to open a basic account with an Austrian bank of their choice. With a normal account, the bank decides who is permitted to open an account.
2. With a basic account, to protect consumers, the law precisely specifies:
 - Which **services** does the basic account include?
 - What are the **maximum** costs that the bank is permitted to charge for these?

With a normal account, the bank can determine the costs for its services itself.

3. You are **not permitted to overdraw a basic account**. You are therefore not allowed to spend more money than is deposited in the account. With a normal account, the bank may permit you to overdraw the account. This is called an overdraft facility. You are then allowed to withdraw more money than is deposited in the account. However, the bank will only grant you an overdraft facility if you earn enough money, because only in this way will you be able to repay the overdraft.
4. The bank may **only** close a basic account **for specific important reasons**. The bank may close a normal account without a reason at any time. However, there must be a period of at least two months between it giving notice of the closure and the closure itself. This period is called the notice period.
5. With a basic account, the bank has a **support duty**. This means that the bank must **personally assist** you with the opening and use of the account. This way it is ensured that you can exercise your rights and use the account appropriately. With a normal account, the bank is not required to personally support its customers.

The Consumer Payment Account Act (VZKG) regulates all of the details of the basic account.

Who has a right to a basic account?

You must fulfil the following preconditions for a basic account:

1. Only **consumers** have a right to a basic account. Therefore, you cannot open the account for a commercial, freelance or agricultural activity.
2. The account holder must be **legally resident in the EU**. Therefore, all citizens of an EU country have a right to a basic account. However, citizens of countries outside the EU with a right of residence in an EU country also have a right to a basic account.

For example, the following persons have this right of residence:

- Employees
- Family members
- Students
- Asylum seekers
- Tolerated persons

If you already have a payment account with an Austrian Bank, the bank may **refuse to open a basic account** until the existing account has been closed. However, in this case you may **request** that the bank closes your old account for you and **performs a switching service**. You can open the basic account either with your current bank or with another bank.

Which services must a basic account offer?

Apart from an overdraft facility, a basic account must include **all important payment services**. These are:

1. Cash withdrawals at the counter and at cash machines (ATM)
2. Deposits to the account
3. Transfers and standing orders at counters, terminals and via the online system of the bank
4. Direct debits (bank collections)
5. Cashless payments with a payment card (for example, a cashpoint card) at the POS online and in store.

Credit cards do not belong to the services of a basic account.

The law prescribes the **following basic principles**:

1. Consumers must be able to use the above-mentioned services **within the entire European Economic Area (EEA)**. The EEA includes all Member States of the EU, as well as Norway, Iceland and Liechtenstein.
2. Consumers must be able to use all of the services **any number of times and without additional costs**. Therefore, you can make as many transfers, direct debits, card payments or cash withdrawals at the counter or at cashpoints as you like. The bank is not permitted to increase the costs because of this. With a basic account, there are also no costs for withdrawals from a cashpoint.
3. Consumers must be able to **freely choose** whether they use the **business premises** or the **online system** of the bank. Online banks without business premises are naturally only able to offer the services online.

4. The bank must **treat** holders of basic accounts and normal accounts **equally**. It must offer all consumers the **same services** and **communication options**. The card or the account number of a basic account must not allow anyone to recognise that it is a basic account. The bank is explicitly prohibited from applying a dedicated marking

How much is a basic bank account allowed to cost per year?

The bank is permitted to charge a maximum of **83.45 euros per year** for a basic account. **People who are socially or financially deprived** pay a maximum of **41.73 euros per year** for a basic account.

This amount includes **all usable services and ancillary services**. If you have paid this annual contribution, you will therefore not pay any further additional costs.

Which groups of persons are entitled to a discounted account management fee?

The Minister of Consumer Protection has specified who is entitled to a **discounted fee** of a maximum of 41.73 euros per year. The most important groups of persons are:

- Persons receiving the **means-tested minimum income**
- Persons with a **minimum pension**
- Persons with an income (salary, pension, unemployment benefit, emergency assistance or vocational trainee compensation) below the **subsistence level**
- Students who receive a **grant**
- Persons who are affected by **debt regulation proceedings**
- Persons who are **exempted from the television/radio licence fee** or receive a **telecommunications fee subsidy**
- **Homeless** persons
- **Asylum seekers** or rejected asylum seekers who a country is not allowed to deport ("**tolerated**" persons)
- Comparably socially or financially deprived persons **from other EU countries**

In which cases can the bank close a basic account?

If you have a basic account, the bank may only close it in the following cases:

1. If you reject **an amendment to the contractual terms and conditions** which is in accordance with the law. The bank must inform you about this change at least two months in advance. You can find out from a consumer advice centre whether the change which has been announced is in accordance with the law.
2. If you open a **second payment account** with an Austrian bank.
3. If, despite being asked, you did **not say** that you already have **another payment account** in Austria when opening the basic account.
4. If you have **not used** the basic account for more **than 24 months**.
5. If you intentionally use the basic account for **unlawful purposes**. These include, for example, money laundering, financial fraud and the financing of terrorism.
6. If you **no longer legally reside in the EU**.
7. If you have repeatedly used the basic account for **commercial purposes**.
8. If legal action is taken against you for a **premeditated criminal offence** with which you have caused damage to the bank or its employees.

In the third and fifth cases, the bank may close the basic account with immediate effect. In all other cases, the bank must adhere to a **notice period** of at least **two months**.

What can be done if a bank rejects the opening of a basic account or closes a basic account?

If a bank rejects the opening of a basic account or closes a basic account, it must inform the consumer in writing about the exact reasons.

If you do not consider this rejection or closure as being justified, you can do the following:

1. You may lodge a **complaint** with the **Financial Market Authority (FMA)** or the **FIN-NET Joint Conciliation Board**. You can find the contact details at the end of the folder. Both options for a complaint are free of charge for consumers. A complaint to the FMA is particularly effective. The FMA is able to impose an administrative penalty on the bank in the case of a justified complaint.
2. You can also complain to the **Austrian Consumer Association (VKI)**, to an **Austrian Chamber of Labour (AK)** or to the **Federal Ministry of Social Affairs, Health, Care and Consumer Protection** (Email: Thomas.Haghofer@sozialministerium.at or Beate.Blaschek@sozialministerium.at; Phone: +43 1 711 00-86 25 16 or -86 25 01).
If the bank frequently infringes laws, the VKI and AK may take legal action against the bank with a class action.
3. You can take **legal action** against the bank. If this results in legal proceedings, you may apply for legal aid. But it is best if you make enquiries at the above-mentioned organisations beforehand.

Important addresses

Financial Market Authority Austria, FMA

Otto-Wagner-Platz 5, 1090 Vienna

phone: +43 1 249 590

www.fma.gv.at

FIN-NET Joint Conciliation Board of the Austrian Banking Industry

Wiedner Hauptstrasse 63, 1045 Vienna

phone: +43 1 505 42 98

www.bankenschlichtung.at

Austrian Consumer Association, VKI

Mariahilfer Strasse 81, 1060 Vienna

phone: +43 1 588 770

www.vki.at

Vienna Chamber of Labour, AK

Prinz Eugen Strasse 20-22, 1040 Vienna

phone: +43 1 501 650

www.arbeiterkammer.at

For the Chambers of Labour in the provinces
see www.arbeiterkammer.at/ueberuns/kontakt

Federal Ministry of Social Affairs, Health, Care and Consumer Protection

Citizens' Service

Stubenring 1, 1010 Vienna

phone: +43 800 201 611

www.konsumentenfragen.at