

# UNLOCKing Banking



**UNLOCK**  
The National Association  
of Reformed Offenders

Briefing paper prepared for:

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# UNLOCKing Banking

Developing access to banking for reformed offenders

## Need

1. Former offenders face significant financial exclusion, including access to insurance, mortgages, and other credit products. As a result, they either use non-mainstream providers commanding significant premiums or simply remain excluded.
2. It is extremely difficult for prisoners to set up even basic bank accounts prior to release. This creates a barrier to stable employment and housing, as well as to the further take up of mainstream financial products and services.
3. Although there are a number of excellent pilot projects and isolated schemes, lack of access to financial services, even basic banking, remains the norm for most prisoners and former offenders.
4. A significant number of prisons have made efforts to establish relationships with local bank branches but have been unable to make progress.

## Need Mapped to NOMS\* Reducing Re-offending Pathways

1. *Education:* Account required to apply for Educational Maintenance Allowance (EMA)
2. *Employment:* Employers use BACS for payroll
3. *Finance:* The finance gap on discharge exacerbated by lack of account
4. *Benefits:* DWP uses Direct Payment to pay benefits
5. *Debt:* Holding an account reduces reliance on door-step lenders and loan sharks
6. *Accommodation:* Paying via direct debit decreases the risk of arrears
7. *Children/Family:* Financial dependence traps people in negative relationships

\*National Offender Management Service (Ministry of Justice)

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## Rationale

1. Providing account opening services in partnerships with prisons can provide a structured way of meeting aims for basic banking
2. Identification verification has a high confidence level, since individuals have been processed through police, courts and custody.
3. The UNLOCK/HBOS pilot demonstrated that with appropriate training, former prisoners can actually handle basic accounts 'better than average customers'.
4. A basic banking relationship provides the foundation for the provision of more profitable products as the customer's needs grow.
5. Reformed offenders have proven to be loyal customers when given access financial products through UNLOCK's insurance service.
6. Financial exclusion contributes to re-offending, which costs the UK taxpayer £11 billion per annum and makes up 18% of recorded crime.
7. Setting up bank accounts for prisoners before release supports employment, thereby supporting local community crime reduction.

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## National Perspective

Much has been achieved in raising the strategic profile of the issue but there is a clear gap between policy and practice. Isolated best practice has not yet been widely adopted.

### 1. Government

- Identified need in all NOMS regions but holds the expectation of multiple local solutions.
- NOMS is producing leaflet to encourage prisoners to open bank accounts although supply is the problem rather than demand

### 2. Banks

- Little financial inclusion work specifically targeting offender
- Limited to local pilots and unofficial agreements
- Supportive senior management limited to a few key banks
- Positive attitudes at branch level appear random

### 3. Prisons

- UNLOCK & HBOS, (HMPs Coldingley, Cookham Wood)
- Co-operative Bank (HMP Forest Bank)
- Barclays Bank (HMP Doncaster/Serco)

### 4. Community

- South West Prisons & Royal Bank of Scotland
- Toynbee Hall – “SAFE” project in London (not specific to a bank)
- Citizens Advice Bureaux (no specific project)

## Key Barriers to Large Scale Change

1. *Identification*: Branch staff require Passport, Driving License, Utility Bill
2. *Banks*: Poor staff attitudes and training, sales culture, fear of media
3. *Prisons*: awareness, confidence, training, resources and staff turnover
4. *Individuals*: Patchy address history, poor financial record, lack of skills, age (YOI/STC)

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## Vision

There is a simple and secure process by which prisoners in the UK can open a bank account in preparation for their release, thereby improving resettlement outcomes and reducing re-offending.

## Objectives

### *1. A National HMPS / Banking Agreement*

An agreement exists between HM Prison Service and the UK banking industry which describes how the organisations will work together to improve resettlement outcomes for offenders and reduce re-offending

### *2. An Area Partnership Protocol*

An agreed process exists by which Prison Service Area Offices are able to develop partnerships with regional bank offices, and facilitate local agreements

### *3. Local Service Agreements*

All prisons offer prisoners the chance to open a bank account as an integrated part of their resettlement service

### *4. Key Staff Training*

All banks have key staff adequately trained to deal sensitively and appropriately with customers with a criminal record, particularly prison-leavers, at local or regional levels.

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## Market Analysis

### Size

- 7.3 million offenders currently on the Home Office Offender Index
- 1.48 million defendants found guilty of criminal offences in England & Wales in 2005
- 250,000 citizens enter the correctional services each year (Prison or Probation)
- 140,000 people leave prison each year (approx.)
- 81,136 offenders in prison (England & Wales, 14/12/07) [approx. 96,000 in the UK]
- 138 public and 11 private prisons
- All but a few prisoners will return to the community at some point
- 1 in 3 men have a criminal record by the age of 30, the majority in adolescence

### Financial Characteristics

- 1/3 prisoners lose their homes, 2/3 lose their jobs, 1/5 have increased financial problems
- 54% of offences by women are caused by 'lack of money'
- 26% of offenders identified as having finance, benefit or debt needs causing the offending
- 81% of offenders with such a need receive no intervention, support, help or guidance
- 72% of prisoners were in receipt of benefits before prison, rising to 81% on release
- £46 discharge grant paid on release must last between 12 days and 12 weeks before benefits are paid by Job Centre +
- Offenders with unspent convictions (and their families) cannot access the mainstream insurance market
- Hundreds of thousands of UK households could hold invalid policies because they are unaware of the requirement to disclose unspent convictions as material facts

## UNLOCK

- Established in 1999 by reformed offenders including Stephen Fry and the current Chief Executive Bobby Cummines in order to achieve equality for reformed offenders
- 3000 former offenders and their family members are currently members
- Helped set up the first specialist broker for 'ex-offender insurance' in 2000 and now work with 8 brokers who arrange insurance for former offenders and their families
- Opened basic bank accounts for 133 prisoners in partnership with HBOS in 2005 pilot project [Noted in *"Financial Inclusion – Access to advice, banking & credit"*, BBA/APACS]
- 99% of women and 97% of men rated UNLOCK's basic banking training for offenders as 'Excellent' or 'Good' during the pilot project
- Publish and distribute banking and insurance advice leaflets throughout the prison system and offer information and referral service to members.

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## Evidence of Need

### Sample of emails from Her Majesty's Prison Service

Chris

I am a serving officer within HMP Edinburgh in Scotland and I run a pre-release course here which lasts for one week.

Part of my remit is to assist my client group to open a bank account. Like yourself we found that Halifax Bank of Scotland were the only bank to reply to our request and be positive about working with prisoners.

However, we are now experiencing the problem of selectivity of processing unit as some are being opened but most are being refused through lack of appropriate ID. As you are aware most of my client group simply do not have any whatsoever.

We have so far used a letter from the Governor stating when the client will be liberated and to what address. Until recently this was sufficient and no-one at the bank will tell me why this is not satisfactory any more.

I have been sent info regarding your work on addressing the financial needs of former offenders from the bank and would be grateful if you could provide me with any further information that I can use to assist my client.

Can I ask what ID you have used (there is a mention of a template document in your website). Can you also provide me with a list of the insurance brokers who look favourably on this group and also what other high street bank is willing to provide this service for my group. I look forward to hearing from you.

Thanks

*Restart Officer  
HMP Edinburgh*

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Hello,

I am currently on secondment to the West Midlands Area Office and have been tasked with moving forward the possibility of prisoners having access to bank account as part of the finance, benefit and debt pathway.

Currently I am seeking to access the banks and get them to agree a standard form of identification, a basic bank account, and means of getting the funds into the account. When speaking with the Governor of HMYOI Brinsford he suggested that I contact you regarding the work you had recently completed.

Many thanks for any assistance you may be able to offer regarding this.

*Principal Officer  
West Midlands Area Office*

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Hi,

The prison Director has asked me to contact you re Bank accounts for inmates. He has heard that you may be running a pilot scheme and would like details and is interested in HMP Wolds taking part in such a pilot.

Look forward to hearing from you.

Regards

*Resettlement Co-ordinator*  
HMP Wolds

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Hi Chris,

As part of my remit as Debt and Finance Officer I have written to all the major banks asking them to consider accepting account applications for serving prisoners prior to discharge.

I have received the reply below from the Halifax regarding accounts - I have completed the Unlock training that Sehra mentions, but fail to see why this is a requirement to allowing prisoners access to a Bank Account. Is this the same with all banks as I have written to all the major banks? The email also mentions an account opening service being allocated - can I have this service allocated so that I can advertise and start offering Bank Accounts to prisoners as soon as possible.

Regards,

*Debt & Finance Officer*  
*Beta Resettlement*  
*HMP Winchester*

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Hi Chris,

I work at HMP Wymott and during one of my housing assistance drop ins I received a query from a prisoner wishing to open a bank account. I have some information on your organisation and wondered whether you could be of any help to me regarding this.

How would I go about assisting the prisoner and do you have any literature to help or contacts? As I usually deal with housing its not my area, but having been asked for help I need to do what I can for this man and find what information I can to assist in future.

Thanks

*Nacro Housing*  
*HMP Wymott*

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Hi Chris,

Thanks for your guidance on the issue of prisoner's bank accounts yesterday. I'd be interested in any developments in this area - we see around 160 prisoners per year on the resettlement course here at HMP Blundeston. We may also be working with groups of lifers, and I'd like to incorporate information on bank accounts into that programme.

If you want any more information on the FTC programme at Blundeston, you can email me at this address, or call on (01502) 734779.

HMP Blundeston

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Dear Sir,

At present I am running Money Management Courses for prisoners in Bullingdon prison, in order to help them to be financially aware when they are released. The course includes modules on Budgeting, Benefits, Credit, & Debt. As you are aware a Bank Account today plays an important role in these areas particularly if receiving or are due to receive benefits.

I understand that "Unlock" is running a pilot scheme opening basic bank accounts for prisoners while still in prison, and I was wondering if there was any possibility that Bullingdon could be include in the pilot? If this is not possible could you send me details of who I might contact for help in this area?

Yours faithfully

*Community Development & Training Officer.  
Trading Standards Service, Oxford*

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Dear Chris,

I work on the prison service plus resettlement project at HMP Lincoln. I was given your email today by the Unlock office, as we are interested in becoming involved with the basic bank account scheme.

I have discussed the scheme with our deputy resettlement governor as I think it would be beneficial to our project and all of the prisoners here, and he has asked me to request some more information on the scheme and what is involved. I would be grateful if you could send this to me, and I will pass it on to him.

Thanks and hope to hear from you soon,

Case Manager  
Prison Service Plus  
HMP Lincoln

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Hi

HMP Manchester is currently in contact with Senior Management of the Cooperative Bank whose HQ is located close to the Prison and with whom we hope to develop closer working links.

In the circumstances we are interested and eager to learn from your experience (gained via your pilot study) and related forms that you have used in order to establish a system and process that will assist reformed offenders to open a bank account from within prison. Is there a person or prison contact I could approach. I have read your website articles and would welcome the opportunity to access further practical information and guidance on the successes and pitfalls.

I hope you can assist and advise.

Regards

Head of Offender Management  
HMP Manchester

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## From the Learning & Skills Council

Dear Chris

I understand from BITC (Business in the Community) in the East of England that you are working to secure bank accounts for serving offenders. I would be very interested in discussing this as we are working to ensure young people can prepare well for release.

I am rarely in the office. My mobile is xxxxx xxx xxx or an email reply with a number to discuss further would be much appreciated.

Offenders` Learning and Skills Advisor (young people)  
Learning and Skills Council

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## From UNLOCK members

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Dear Sir/Madam

I am writing to you today with the hope I may be able to get assistance off yourselves if possible to open a bank account whilst in prison so I can start to plan to get my affairs in order. I would be very grateful if you could help and let me know if any schemes are in place. Thank you very much for taking the time to read this.

D.T.

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To Whom It May Concern

I have been given your details by the Citizens' Advice Bureau, and would be grateful if you could please give me some advice.

I understand that your company, Unlock, helps ex-offenders and prisoners financially.

Unfortunately, some months ago, while depressed I committed a driving offence. Prior to that, I had started work on a business venture, and it was only weeks after I had paid the fine that I applied for a business bank account.

In a rejection letter that was carefully worded, I was told that while my credit rating was good, there were other aspects of my application, which went beyond the company's mandate, and that they could no longer help me. Up until then, I had genuinely put my past offences behind me, and was looking forward, starting anew. And it did take me a while to work out why I had been rejected. This led me to conclude that my record must have been checked and used to reject me.

Although I am applying for another business account, I would be grateful if you can advise me on the best course of action to take if the other banks reject me, as I have already set up the limited company, have a website in development, and cannot trade until I have the account. I am not even asking for a loan, just a place where my customers can send their payments to.

Finally, do you know where I can get information on my rights, e.g. can I travel abroad, or do I have to wait for a certain length of time, and how long will I have this record, and what problems am I likely to encounter, by way of applying for other jobs (in case the business does not work), what I can declare and even voting rights.

Many thanks for your assistance.

Best Wishes

K.O.

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Dear Unlock

I am writing to you in reply to your letter of Oct 11th, re: opening a bank account.

I found the process a marathon to be honest but the HBOS bank were the most supportive and welcoming (having tried LloydsTSB and Alliance & Leicester).

With all the letters to and from these banks – one hopes the censor's fingers didn't get too numb. The problem of course was trying to get the right paperwork that would confirm my identity. I had to write to Inland Revenue to get a letter generated with my National I.D. number and H.M. Revenue & Customs for paperwork that confirmed my N.I. Number.

They wrote to me to ask me to sign a declaration that I lived at HMP [prison name deleted] which they drew up, and which I signed and returned. I enclosed with that a letter that said if they wrote to the prison Custody Department they would be able to confirm my details – name, address, date of birth, on official HMP paper.

I also enclosed a letter from the Home Office on this issue having written to my MP about this. My MP wrote to the Home Office Minister and it was the Under Secretary of State at the Home Office that replied to me stating how he would like to see all prisoners in custody have access to banking facilities and how financial inclusion is a stepping stone to social inclusion etc. I should have kept the letter and sent a copy to the bank but I sent the original, which they kept. It was a very positive letter that he sent and I would suggest that anyone who wishes to open an account approach the Halifax as they seem to be the only bank taking a pro-active lead to help prisoners open bank accounts.

I would also urge all prisoners without a bank account to press their MPs on this issue and not give up. To contact the bank I wrote to their HQ in Halifax (West Yorkshire) and yes – it was a local branch [who replied] in fact and they have been very helpful.

I have not been asked how long I have been in prison, nor have I mentioned it. , however I will have to cover this in a letter shortly as when I came into prison I lost my job and have still got unpaid debts around my neck owing to unpaid bills.

I am not released until 2012, which means I have to work hard to sort out my debts, pay off what I can to reduce my credit risk so that I can be considered to have a debit card in time for my release from prison. So I will be asking their advice on this.

I have not been asked about my conviction and I have not mentioned it. Anyway it was successful and I was sent a Cashcard and a PIN (which I can't use). I am however able to send cheques to them to deposit and pay from it my debts/charitable donations etc by Direct Debit and Standing Order – something I have to do if I am to improve my chances of and for effective resettlement.

The word does get around and I have been asked about this by 8 prisoners so far and I have advised them accordingly and passed on to them the Halifax address.

I did however also send them a printout of my inmate account statement detailing my prison wages so they were able to see how I would be able to run the account anyway.

All the best for now.

Yours sincerely

M.W.

p.s.

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What I also found was that when my account was opened I was not given specific advice on how to credit my account by the bank. They sent me the General Conditions about the account, the Terms & Conditions etc but I was not sure on how to credit my account or when I was to be sent my first statement so I wrote to them for this advice.

They were very helpful in this respect informing me that I need to make the cheques payable to myself and quote the Roll Number (they said on the back of the cheque) but this may be problematical for the prison finance department, so I have sent my cheque with a covering letter quoting my bank Account Number, Sort Code and Roll Number, which should be sufficient enough to enable them to credit my account for me. What I need to do now is prove that I can manage my account over the next 5 years so that prior to my release I may be seen as a good credit risk and be offered the availability of a debit card on my release or rather in time for my release from prison. I don't need one now and a basic account serves my needs – e.g. Direct Debit, Standing Orders (which will enable me to gradually reduce my debts) which can be repaid over time.

However, I will have to have a debit card prior to (preferably) my release from prison. Anyway – that's all for now.

Yours

M.W.

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## Identification of serving prisoners

*Selected text from “Prevention of money laundering / combating the financing of terrorism - Guidance for the UK financial sector”*

*Joint Money Laundering Group, January 2006*

### 1. Documentary verification

5.4.17 If documentary evidence of an individual’s identity is to provide a high level of confidence, it will typically have been issued by a government department or agency, or by a court, because there is a greater likelihood that the authorities will have checked the existence and characteristics of the persons concerned. In cases where such documentary evidence of identity may not be available to an individual, other evidence of identity may give the firm reasonable confidence in the customer’s identity, although the firm should weigh these against the risks involved.

### 2. Non face-to-face identification and verification

5.4.30 Where a customer approaches a firm remotely (by post, telephone or over the internet), the firm should carry out non face-to-face verification, either electronically (see paragraphs 5.4.23 -5.4.25), or by reference to documents (see paragraphs 5.4.17 – 5.4.22).

5.4.31 Non face-to-face identification and verification carries an inherent risk of impersonation fraud, and firms should follow the guidance in paragraph 5.4.32 to mitigate this risk.

### 3. Mitigation of impersonation risk

5.4.32 Where identity is verified electronically, or copy documents are relied on, a firm should apply an additional verification check to manage the risk of impersonation fraud. The additional check may consist of robust anti-fraud checks that the firm routinely undertakes as part of its existing procedures, or another measure, such as:

- Telephone contact with the customer prior to opening the account on a home or business number which has been verified (electronically or otherwise), or a “welcome call” to the customer before transactions are permitted, using it to verify additional aspects of personal identity information that have been previously provided during the setting up of the account;
- Communicating with the customer at an address that has been verified (such communication may take the form of a direct mailing of account opening documentation to him, which, in full or in part, might be required to be returned completed or acknowledged without alteration);
- Requiring copy documents to be certified by an appropriate person.