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**Lack of clarity on overdrafts stops SMEs and consumers switching to more suitable current accounts**

* New research finds millions of UK overdrafts users stick with their current account due to lack of communication around switching accounts with an overdraft
* 69% of consumers and 75% of SMEs actively considering switching think that it is not possible to switch, whilst in their overdraft
* Providers are urged to communicate clearer information on what is available when switching

**New research conducted by IFF Research, in partnership with the Current Account Switch Service, operated by Pay.UK, found that millions of overdraft users are currently sticking with their current account providers, due to misconceptions around switching current accounts when using an overdraft. This leaves millions of sole traders and consumers in the red and with the belief they’re stuck with their current account provider who may no longer best suit their needs.**

Pay.UK launched the report this week at a webinar, chaired by **Faith Reynolds**, strategic adviser to industry, government and regulators, as part of the Money and Pensions Service (MaPS) Talk Money Week.

**Alistair Kuechel**, Director at IFF, opened the discussion and presented the findings from IFF Research, he said, “*Our research with Pay.UK has found that having an overdraft is undoubtedly a barrier to people switching current accounts. My concern, is unless these barriers are addressed with better messaging, increased overdraft use will lead to fewer people switching accounts in future.”*

**Liz Barclay**, UK Small Business Commissioner, also joined the panel reflecting on impacts of overdrafts on switching for those running small businesses. She said, *“Switching business accounts can be low down the list of priorities for small business when they’re struggling to get their invoices paid so they can pay their bills and wages. They need to know it will be worthwhile, make a significant difference and not cause business disruption. Providers will have to work harder to show firms the benefits without them having to navigate endless information and confusing mixed messages”.*

The panellists, who also included **John Dentry (Pay.UK)**, all agreed that the research findings proved that current account providers, price-comparison sites, the Current Account Switch Service and regulators all have a role to play in making sure overdraft use is not a barrier to switching. They must improve access to better information, enabling everyone to make an easier, more informed decisions on whether to switch and who to switch to.

[Read the report here.](https://www.iffresearch.com/wp-content/uploads/2022/11/Pay.UK-Overdraft-Switching-Report-for-release.pdf)

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**Notes to Editor**

**For more information**:

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**About IFF Research**:

IFF Research is a full-service research agency who help their partners make better informed decisions. Established in 1965, IFF provides insight to the private, public and voluntary sector. Their experienced team provide tailor-made research solutions specialising in eight key sectors: Business and Enterprise; Energy and Environment; Higher Education; Financial Services; Housing; Learning & Skills; Regulation; and Work, Welfare and Wellbeing. IFF offers a full suite of social and market research services, including data collection, data analysis and reporting.

[www.iffresearch.com](http://www.iffresearch.com)

**About Pay.UK:**

Pay.UK is the recognised operator and standards body for the UK’s retail interbank payment systems. We provide the digital payments networks used by the UK’s banks, building societies, other payment providers and all of their customers to make payments, ensuring they are secure, safe and simple to use.

From Bacs Payments to Faster Payments and Cheque Payments – we act as the single operator for all UK retail payments. We put the needs of consumers and businesses at the heart of everything we do, working in the public interest to ensure that the payments systems the country relies on for its banking transactions are safe, open, innovative and resilient.

Every day, individuals and businesses use the services we provide to get their salaries, pay their bills and make online and mobile banking payments.

Find out more: www.wearepay.uk