

# Paying for items during the lockdown

During the coronavirus lockdown it is much harder to take out cash and some vendors are even refusing cash as it may be a way of transmitting the virus. Also most communities in the UK have formal or informal “helping-hand” groups who offer to fetch groceries and other essentials on behalf of elderly and vulnerable families. These groups prefer not to handle cash and some have set up PayPal accounts as a way of receiving money from their customers.

This brief guide covers online banking and paying by debit card, bank transfer or PayPal. It is aimed at people who have not done this before and may not even have a bank account.

## **1. Online banking**

Most adults in the UK have a bank current account and around three-quarters of these use online banking in some form, either from a computer or a mobile phone.

As a minimum, online banking allows you to:

- Check your balance, view recent transactions and see your bank statements
- Make payments to people or organisations
- Set up and manage standing orders and direct debits
- Move money in and out of savings accounts.

Whilst all these actions are free, many banks now charge for paying in cheques or even sending paper statements, so online banking can save you money.

Banks have different procedures for logging in and keeping your account safe. For mobile phone users they each have an app that can be downloaded from the Google or Apple store. Security procedures can include:

- A username and password
- An extra password that you may be asked to enter certain letters from
- “Dual authentication”, e.g. by sending a text to your phone or asking you to look up a code on a little security device
- Extra security questions.

The Digital Fife guide to online banking explains all this and more in greater detail (see <http://learning.digitalfife.com>).

## **2. Getting a basic bank account**

If you do not have a bank account, most banks offer what is called a “basic bank account”. These are free, come with a debit card, do not allow overdrafts and – most importantly – are available to almost all adults who would not normally qualify for a normal bank current account.

Opening a basic bank account requires proof of identity and proof of address – a bad credit history or even bankruptcy are not barriers. Accounts can be opened quickly though they may require a trip to the bank, which may be a challenge at the current time.

According to Money Saving Expert ([www.moneysavingexpert.com](http://www.moneysavingexpert.com)) The Co-op Cashminder (<https://www.co-operativebank.co.uk/currentaccounts/cashminder>) and Barclays Basic (<https://www.barclays.co.uk/current-accounts/basic-account>) accounts are amongst the best for features and customer service.

### **3. Getting a PayPal account**

PayPal is an online payments service that allows you to pay merchants and individuals who also have PayPal accounts. Having your own PayPal account makes paying easier and reduces transaction costs for the merchant, though you can also use your debit card to pay a merchant who accepts PayPal.

The reason PayPal is important now is that quite a few “helping hand” organisations are using PayPal to collect payment from individuals for shopping that they then fetch and deliver. This is quick and relatively cheap for the organisation to set up.

To get a (free) PayPal account you will first need a bank account to link it to. This means that any payments you make by PayPal are taken straight out of your bank account. Also, any money you receive (e.g. refunds) are put straight back in your bank account.

To set up your own PayPal account visit [https://www.paypal.com/welcome/signup/#/email\\_password](https://www.paypal.com/welcome/signup/#/email_password) and follow the instructions.

### **4. Paying for things**

Apart from cash, these are the ways you can pay for things:

- Online bank transfer – you log in to your bank account and transfer money instantly to the bank of the person or organisation you are paying; you need to know the other party’s bank details (account name, sort-code, account number) and be absolutely certain these are correct.
- Online card payment – you buy something online (e.g. a supermarket delivery) and are asked to enter your debit card details at checkout; again be sure the site is one you know and trust and ensure there is a “padlock” in the browser address bar to confirm the site is secure.
- Online PayPal payment – the merchant will usually send you a link that you then click to make the payment via PayPal.
- Payment by card machine – for small transactions (now under £45) you can simply tap your debit card on the machine; for larger payments you need to insert your card and enter your PIN number.
- Payment by mobile phone – Apple, Google and Samsung all offer a facility whereby you link your phone to your bank account and can then pay for items by tapping your phone onto a payment machine.

## **5. Further information**

Apart from the Digital Fife online learning module, there are plenty of other useful resources from the government, banks and other sources:

- The government Money Advice Service at <https://www.moneyadviceservice.org.uk/en>
- Ditto, guide to online banking at <https://www.moneyadviceservice.org.uk/en/articles/beginners-guide-to-online-banking>
- Digital Unite guide at <https://www.digitalunite.com/technology-guides/government-services-shopping-banking/online-banking/how-bank-online>
- PayPal's own guide: <https://www.paypal.com/hk/brc/article/how-to-use-paypal>
- Money Saving Expert guide to basic bank accounts  
<https://www.moneysavingexpert.com/banking/basic-bank-accounts/>

*Bob Crichton - HOP Associates, 2<sup>nd</sup> April 2020*

## 6. Appendix – receiving payment by card

This section is for community groups who wish to receive card payments from individuals. This is particularly relevant to “helping hands” groups that are fetching groceries and other essential items and delivering them to vulnerable and isolated members of the community in their homes.

It is straightforward to set up a link on a Digital Fife website that allows you to receive payment by PayPal, either from the customer’s PayPal account or from their credit or debit card. This is described in more detail in the PayPal widget help available to Digital Fife website editors. It is probably of limited use to “helping hands” organisations.

More use in the current climate though is for the person delivering shopping (the agent) to be able to receive instant payment by card from the person receiving the shopping (the user) at the door, without going through a website. One of the best providers of this type of service is iZettle, which is in fact now owned by PayPal.

Here is how it works:

1. The agent carries an iZettle card reader, which is connected by Bluetooth to the agent’s mobile phone (it only works if there is a data signal to the mobile phone).
2. The agent enters the details and amount in the iZettle app on the smartphone
3. The user taps the card reader with their card (if under £45) or inserts their card in the card reader slot and enters their PIN
4. The card reader transfers the money from the user’s card to the organisation’s iZettle account
5. From time-to-time (e.g. daily) the money is transferred from the iZettle account to the organisation’s bank account.
6. iZettle take 1.75% of the transaction value as their fee.
7. The organisation treasurer (or similar) has access to a PC dashboard that allows them to view and download details of transactions for record-keeping.



The first iZettle card reader for an organisation is on offer at the moment at £29+VAT (normal price £59). Finally iZettle also includes a feature that allows users to pay for items over the phone by receiving a link on their smartphone.

In summary the iZettle service allows you to take payments into your bank account by card for a fee of 1.75%. The bank account must be a business account in the name of the organisation, not a personal account.

Further information and sign-up at <https://www.izettle.com/gb>. Other providers of similar services include SumUp (<https://sumup.co.uk>) and Square (<https://squareup.com>).

