

Paying bills

Each year the number of bills each household has to pay is slowly increasing, as new services like broadband and satellite television become ever more popular.

We all have our own preferences when it comes to managing these regular commitments, but no matter what your preferred payment method, it always makes sense to ensure your bills are paid on time and that you use the payment option that best suits you.

Whether you choose to pay by cash, cheque, plastic cards or an automated payment such as a Direct Debit, or internet or phone payment, it often makes sense to review whether you are using the most convenient option. Most bill providers will provide payment options on the back of your bill.



Key statistics

- Between 2006 and 2007, the annual average number of household bills rose from 8.1 per household to 8.5 per household, an increase of 5 per cent
- We pay 73 per cent of our regular bills using Direct Debits or standing orders*
- The second most popular way to pay bills is using cash at 16 per cent*
- For credit card bills, cheques are as popular as Direct Debits and standing orders at 29 per cent, with online and phone banking accounting for 25 per cent of the total
- We forecast that online and phone banking bill payments will increase 100% by 2017
- Only 1 in 11 regular bills are now paid for by cheque. This will drop to 1 in 35 by 2017.

*excluding credit card bills

For further information

Speak to your bank or visit the APACS website at www.apacs.org.uk

Payment options

Automated payments

Automated payments like Direct Debits and standing orders are extremely popular for regular commitments. Many service providers, such as utility companies and mobile phone providers, offer incentives if you pay your bill by Direct Debit.

Your bill provider will be able to provide you with a form to set up a Direct Debit, although most organisations nowadays enable you to set one up by phone or online. By providing your bank account details, you are entering into an agreement that allows the service provider to collect the bill payment directly from your account. You will always be sent advance notification before any payment is taken, however it's important to check your account and bank statements to ensure the payments are correct.

The Direct Debit Guarantee provides you with excellent protection setting out your rights in case any money is wrongly taken from your account. To cancel a Direct Debit, you must tell your bank. It is advisable to confirm this, too, with the company whose service you are using as you may need to set up different arrangements to continue paying for that service or if there is any money outstanding. Some billing companies require payment by Direct Debit in order to provide the service and cancelling the Direct Debit may result in the service being stopped. Your billing company should make this clear to you.

For other regular commitments, like paying rent or paying a magazine subscription you may decide to set up a standing order. This is an instruction to your bank or building society to request that a set amount is paid on a regular basis to a beneficiary. You can arrange this over the phone or internet. The new Faster Payments Service means that standing orders can be sent, processed and received on the same working day rather than taking three days as they have in the past (although it may take slightly longer if you are also opening the account on the same day). Banks are gradually transferring all their standing order payments to the new faster service. Over the next few months any standing order you set up on your account, along with existing standing orders, will automatically be made through the new service if both banks are participating. If you want to cancel a standing order you need to contact your bank.

Cheques and cash

In recent years cash and cheque bill payments have declined significantly. However, cheques are still popular for paying off credit card bills.

When paying by cheque, it is important to fill the cheque out clearly and legibly in indelible blue or black ink.

You will also need to check the back of your bill for cut-off times and to find out where you need to post it, or whether you can pay it in over the counter ie. at your bank or a post office.

Don't post-date a cheque as this may be against the terms and conditions of your bank account. For example, if a beneficiary of a post-dated cheque attempts to pay it in to their account prior to the date shown, it may be returned unpaid, possibly incurring charges for both parties if your terms and conditions state that cheques should not be post-dated. Or, it may be cleared and paid, potentially creating problems for the customer who wrote it. Draw a line through any unused space to ensure your cheque cannot be fraudulently altered. Any errors should be crossed through and clearly initialled.

Credit and debit cards

You may be given the option of paying any bill by debit or credit card – in fact some people pay their credit card bill using their debit card and many other billing companies offer this facility. Always check whether you have agreed to make a one-off payment or a repeat payment and always keep copies of any paperwork. If you want to cancel a repeat payment (sometimes known as a recurring transaction or a continuous payment authority) you should contact the business you are paying rather than your bank. However, it can be helpful to tell your bank, too. If you are closing a credit card account, you will always be advised to cancel any regular payments that have been set up on the card with the billing company, otherwise they could continue to mount up.