

## Payment Methods

There are a number of ways of paying for goods and services in shops, on line or by post. These include:

- Cash
- Debit card
- Cheque
- Direct debit
- Standing order
- Prepaid cards
- Credit card
- E payments online
- Telephone banking
- Internet banking

For more information and advice on payment methods visit [Money Advice Service](#) or your bank.

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### Cash

Using cash may make it easier to budget and stick to it. When you pay with the cash you've budgeted for purchases, it's easier to track exactly how you're spending your money. It's also enables you to see what income you have and how much is going out.

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### Cheques

Though less common, cheques are still legal tender. They are useful because they take a few days to clear at the bank, though even that process has changed. Monies can be accessed almost immediately the image has been screened in the bank. Do not use an envelope with a window if the cheque can be seen when you post it; do not leave the payee line blank.

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### Direct Debit

A Direct Debit is an instruction from you to your bank or building society. It authorises the organisation you want to pay to collect varying amounts from your account – but only if you've been given advance notice of the amounts and dates of collection. It is a common way to pay regular bills such as Council Tax, mobile phone, energy and water.

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## Standing Order

Standing orders give the bank an instruction to pay an exact amount to another account regularly. For example, you might set up a standing order to pay your rent. Standing orders can be made using the Faster Payments service, so a payment is received the same day, or the next working day if the payment is made on a weekend or bank holiday.

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## Debit Card

A debit card is a payment card that deducts money directly from your bank account to pay for a purchase. Debit cards eliminate the need to carry cash or physical checks to make purchases directly from your savings.

### Paying by Card

If you are using a debit or credit card (see below) to pay for items you will need to remember and use a four digit PIN number. You insert your card into an electronic keypad, check the amount you are paying and then input your PIN to pay.

**Contactless cards** are now available. This means you can simply present your contactless payment card at a till and hold your card over an electronic reader to pay for your items. You do not need to use a PIN number or sign your signature. You can make a contactless payment for goods up to £100 and use your card to do so up to 3 times a day (so amounting to £300 limit per day). This is to help protect you from fraud. You should always keep a hold of your contactless card when paying for items and remember to check the amount you are paying. At the moment, Santander, Nationwide, Lloyds Group (includes Halifax and Bank of Scotland) enable you to switch off the contactless feature or give you a debit card without the feature. Lloyds Group also enables you to lower your limit and Santander will be bringing in this feature.

**Chip and signature cards** can be provided to anyone who has difficulty entering their PIN – this may be due to dexterity issues, visual impairment, memory problems or mobility issues that make it hard to use a PIN terminal. You can request a Chip and Signature card from your bank.

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### How does a chip and signature card work?

- it looks identical to a chip and PIN card and is inserted into the machine in a shop in the same way, but instead of entering a PIN number, the terminal prompts the customer to use their signature to authorise the payment.
- you get the same level of protection from fraud as any other customer
- chip and signature cards are not currently accepted at self-service check-out machines in places like supermarkets and petrol stations.
- all banks and building societies offer these cards and all retailers are obliged to accept them

To apply for a chip and signature card speak to your bank.

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## Prepaid cards

Prepaid cards are cards that you can load money onto in advance in order to make purchases or transactions. These cards are not linked to any bank accounts. For the most part, you can only use the prepaid card to spend up to the amount of money you loaded onto it. You may be given a prepaid card for your shopping or at a food bank. You can also use them to pay for items abroad in the currency of that Country.

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## Credit Card

A credit card lets you borrow money from a bank or building society which you can use to pay for goods or services upfront. You then pay the money you've spent on the credit card – known as the balance – on a monthly basis. If you pay back your balance in full each month, you won't pay any interest on what you borrowed. If you can't afford to pay the whole balance back, you make monthly repayments, but you will often be charged interest on the outstanding balance. A credit card is recommended for purchases over £100 as the bank will help you in a case of fraud. Credit cards can be used for online banking and expensive purchases.

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## E payments online

PayPal, Apple Pay and Google Pay are online credit card processors. They are safe, you don't need to give out your card details, they are quick, just type in your password and it's usually free – no charges for paying or setting up your account. E-payment companies are not protected by the Financial Services Compensation Scheme (FSCS) and if they go out of business you may not get compensated.

### Tips

Before buying online, check that the page is genuine, so carefully enter the address yourself and don't use a link. Make sure it's secure too, checking for 'https' and a locked padlock at the start of the address. And when you're done, remember to log out.

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## Telephone banking

Telephone banking is a service provided by a bank or other financial institution, that enables you to preform financial transactions which do not involve cash or cheques. There may be voice recognition as part of the security process or a memorable set of information.

## Internet banking

Online banking allows you to conduct financial transactions over the Internet. Online banking is also known as Internet banking or web banking. Online banking offers customers almost every

service traditionally available through a local branch including deposits, transfers and online bill payment. You will need a password and security arrangement such as a memorable number or set of characters..

Last updated: October 25, 2021

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## Useful Organisations

### MANE (Money Advice Newcastle East)

**Email:** [help@moneyadvicene.co.uk](mailto:help@moneyadvicene.co.uk)

**Telephone:** 07436 569208

**Address:** St Martins Church, NE6 2RJ

### Moneywise Credit Union Ltd

**Email:** [admin@moneywise.org.uk](mailto:admin@moneywise.org.uk)

**Website:** [www.moneywise.org.uk](http://www.moneywise.org.uk)

**Telephone:** 0330 165 5337

**Address:** 187-189 Shields Road, NE6 1DP

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## Related Articles

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[Your Consumer Rights](#)

[Getting online and using digital equipment](#)

[Staying safe online](#)

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