

A to Z of bank terms

Here are some of the common words and phrases we use, and what they mean.



**Bank of
Ireland**

This A to Z of bank terms is to help you understand information we send you or on our website. For help with more complex words and phrases we use for mortgages, please take a look at our mortgage terms glossary on our website.

Please note, this A to Z:

- ▶ Does not give legal definitions of words and phrases.
- ▶ Does not replace our Glossary of EU Standard Language for Payment Services. This sets out the standard terms and definitions for common payment account services as provided by the Central Bank of Ireland.
- ▶ Is not legal or financial advice. If you need that, you should speak to a solicitor or financial adviser.
- ▶ Does not change any terms and conditions (see **terms and conditions** in this glossary).
- ▶ Does not change any information we give you about our products.

Affordability

Affordability means how much you can afford to repay on a loan. For example, a mortgage, credit card or personal loan. When you apply for a loan, we check your income, savings and spending. We want to make sure you can afford to keep up with the repayments.

Alternative repayment arrangement (ARA)

An ARA is where we agree with you to put in place a new payment arrangement for a loan or mortgage loan. We do this to help you if you are struggling to make your usual loan repayments. For example, we might change the amounts that need to be paid for each repayment or change the dates when payments need to be made. We might also change the interest rate or the maturity date of the loan. See **maturity date**.

We may also call this a revised repayment arrangement.

Amortising loan

An amortising loan is a loan that you repay over an agreed time by regular repayments, typically monthly. Each repayment includes money to pay interest and money to repay part of the loan. The repayment instalments are usually worked out so that you repay the loan in full by the agreed maturity date. See **maturity date**. Personal loans and mortgage loans are usually amortising loans. If we charge a variable interest rate on the loan, the amount of a repayment instalment will go up if an interest rate goes up and will go down if an interest rate goes down.

Amortisation table

A table that lists out the repayment instalments you have to pay in an amortising loan. It also shows the dates on which you have to pay them (or a summary of those dates).

Annual equivalent rate (AER)

The AER shows how much interest your savings or investment will earn in a year. We give you the AER so you can easily compare different savings or investment options.

Annual percentage rate (APR)

APR is the total cost of credit over a year, including interest and any fees. The APR for a credit card includes Government stamp duty. See **Stamp Duty**.

Arrears

Arrears are missed payments on a loan or credit agreement. In other words, they are payments or amounts that are overdue. Arrears can also include interest on the overdue amounts.

Bank Identifier Code (BIC)

This is a unique number that identifies your bank. It is the code needed, together with your IBAN (International Bank Account Number), to send and receive electronic international payments.

The BIC for Bank of Ireland accounts in the Republic of Ireland is BOFIE2D.

Business Contract Plan (BCP)

BCP is a type of motor finance for business customers, where they pay monthly instalments to use a vehicle. At the end of the agreement, they can choose to either:

- ▶ Buy it
- ▶ Return it to the dealer, or
- ▶ Change the vehicle, by taking out a new BCP agreement.

Buy Now, Pay Later (BNPL)

BNPL is a way of buying something immediately but paying for it over a fixed period, usually in instalments.

Credit report

A credit report shows details about your borrowing history. It shows lenders how you manage credit (for example, loans, mortgages and credit cards).

Death certificate

This is an official document that confirms someone has died. In the Republic of Ireland, they are given by the General Register Office.

Default

A default is what happens if you do not make repayments of a loan as agreed in the credit agreement. A default can also happen if you do not meet your promises to do something under a loan agreement. For example, if you do not insure a house or your life.

If a default happens, we may demand that you repay the loan early.

Deposit Interest Retention Tax (DIRT)

This is a tax that you must pay on the interest you earn on your savings. DIRT is automatically taken by us and paid to the Revenue.

Direct debit

A direct debit is an agreement you make with a company or organisation instructing Bank of Ireland to allow them to 'collect' or take a payment from your bank account.

The amount of money can vary. You must be told the amounts and dates by the company or organisation before they happen.

Note: You can also read the Central Bank of Ireland's definition of a direct debit in our Glossary of EU Standard Language for Payment Services on our website.

Drawdown

A drawdown is when we release the money to you for a loan or mortgage. It is the point when we transfer the money to you or on your behalf, and the loan officially begins.

Estate

An estate is everything you own. When talking about a deceased person, it means all the money and property they owned when they died.

Executor

This is someone named in a will who is to carry out the wishes of the person who made the will.

An executor is a type of personal representative.

Fraudulent transaction

A fraudulent transaction is a transaction on an account that you have not authorised. This can happen if your card details have been compromised or your card has been lost or stolen.

Grant of Administration

This is a document given by the Probate Office when a person dies without making a will. It can also be called a Grant of Letters of Administration or Letters of Administration. A Grant of Administration with Will Annexed is given by the Probate Office when there is a will but a grant of probate cannot be given, for example because there are no living executors who are willing to act. See **executor**.

The document names the people who have the duty to deal with the money and property of the deceased person. They are called administrators.

An administrator is a type of personal representative.

Grant of probate

A grant of probate is a document given by the Probate Office when a person dies and has a valid will. It names executors who are alive and willing to act. See **executor**.

Gross annual income

This is the total amount of money you earn in a year before any taxes or deductions are taken out.

Guarantee/guarantor

A guarantee is a formal written promise made by someone (called a guarantor) to repay a loan or debt if a borrower fails to do it.

Guaranteed Minimum Future Value (GMFV)

This is the minimum amount a motor dealer agrees to pay for your vehicle at the end of a Personal Contract Plan (PCP) or a Business Contract Plan (BCP) finance agreement.

Hire purchase agreement

Hire purchase is where Bank of Ireland buys an asset on your behalf, for example a car. You then hire the asset from Bank of Ireland and pay an agreed amount every month. You do not own the asset until you have made the final payment.

Hirer

A hirer is the person who agrees to pay to use something—for example, a car or equipment—under a hire purchase or hire agreement.

Indemnity

An indemnity is a promise given by you to protect someone else from financial loss or damage. Some of the forms we ask customers to sign include an indemnity. For example, we ask you to sign an indemnity if you lose a bank draft and ask us to replace it with a new one. If we allow you to take money out of the account of a deceased person without a grant of probate or grant of administration, we usually ask you to sign a form that includes an indemnity.

Insolvency

Insolvency is where a person or business is unable to pay their debts when they are due. For example, if they cannot meet loan or credit repayments.

Insolvency can also happen in a company or business when the value of all the money and assets it owns are less than the amount of the debt it owes.

Insurance Premium Finance

Insurance premium finance is a loan that helps a business spread the cost of large insurance premiums, by paying monthly instalments instead of one lump sum.

Interest rate

Interest is the cost to you of borrowing money or the reward for saving it.

An interest rate is the percentage rate used to calculate the interest on money borrowed or saved. We usually show our interest rates as annual rates.

A fixed interest rate does not change for an agreed period of time.

A variable interest rate can go up or down.

Intermediary

An intermediary is someone who helps you to get loans or other products from a bank, an insurer or other financial services company. They are also called brokers.

International Bank Account Number (IBAN)

An IBAN is the long unique number used to identify your bank account. It is used with your Bank Identifier Code (BIC) for international transactions and on its own for domestic bank transfers.

Joint account

Joint accounts are personal and business bank accounts that you can open in the names of more than one person.

Joint and several liability

Joint and several liability is a legal term used when two or more people borrow money together (or take on other legal obligations together). It means that each person is responsible for the full amount of the debt on their own as well as being responsible for it together.

Lease agreement

A lease agreement is a contract where you rent an asset for a fixed period, for example a vehicle. You make regular payments, but you do not own it.

Lessee

A lessee is the person or business that rents a vehicle from someone else under a lease agreement.

Letters of Administration

Letters of Administration are the same as Grant of Administration. See **Grant of Administration**.

Letter of undertaking

A letter of undertaking is a written promise from your solicitor to Bank of Ireland promising that they will do something specific as set out in the letter.

Maturity date

If you have a loan, the maturity date is the date when the money you borrowed is due to be paid off in full. See **amortising loan**.

Monthly repayment

The amount you pay each month to pay back money you have borrowed including any interest.

Overdraft

An overdraft provides you with extra financial flexibility when you need it.

It is a short-term borrowing option that lets you take out or spend more than you have in your current account, up to an agreed limit. When this happens your account is overdrawn.

If your account is overdrawn, we charge interest on the full amount by which your account is overdrawn.

We also charge interest on an unauthorised overdraft. See **unauthorised overdraft**.

Note: You can also read the Central Bank of Ireland's definition of an overdraft in our Glossary of EU Standard Language for Payment Services on our website.

Personal Contract Plan (PCP)

PCP is a type of car finance where you pay monthly instalments to use a car. At the end of the agreement, you can choose to either:

- ▶ Buy it
- ▶ Return it to the dealer, or
- ▶ Change the vehicle, by taking out a new PCP agreement.

PIN

PIN stands for personal identification number.

For example, this is the four-digit number that you enter into a cash machine when you want to take out cash. A PIN is also the number that you use when you make a payment with your debit or credit card.

Probate

Probate is the process of proving that a will is valid.

Redemption figure

Redemption is the process of paying off your loan in full, either at the end of the term or earlier than expected.

The redemption figure is the amount you need to pay to pay off your loan in full.

Secondary Lease

A secondary lease is extra time you can choose to add to a lease agreement. It allows you to continue using the asset after the initial lease period has ended.

Security

Security refers to an asset that you provide to a bank to secure a loan or credit. It gives the bank the legal right to sell the asset if you fail to repay the debt. For example, in a mortgage loan you give the bank security on your home or property by signing a deed of mortgage.

SEPA

The Single Euro Payment Area or SEPA is a system that makes it easy to send and receive euro payments across European countries. It is just like making bank payments here in the Republic of Ireland.

Sort code

A sort code is a six-digit number that identifies individual bank branches in Ireland. Every branch has its own sort code.

Stamp duty

Stamp duty is a tax you pay to the government when you buy a property or land. In the Republic of Ireland, the government also charges stamp duty on credit cards, debit cards and bank drafts.

Standing order

A standing order is used for making regular fixed payments. It moves money from your bank account to another account. This could be to an organisation or an individual, or from your own current account to your savings account.

Note: You can also read the Central Bank of Ireland's definition of a standing order in our Glossary of EU Standard Language for Payment Services on our website.

Terms and conditions

Terms and conditions make up the contract between you and a bank or other company. For example, they set out the rights, responsibilities, and obligations of both you and the lender in a loan agreement. We have sets of terms and conditions for our different loan products. For example a mortgage loan, personal loan, overdraft or credit card contract. We also have terms and conditions for current accounts and deposit accounts.

Transaction

Transactions on your account are where money is paid into it or out of it.

They include:

- ▶ Lodgements - money paid into your account
- ▶ Withdrawals - money taken out at a branch or ATM
- ▶ Payments - direct debits, standing orders or card purchases
- ▶ Loan payments made to a loan account.

Unauthorised overdraft

This is when your account is overdrawn and we have not agreed to give you an overdraft.

If we have agreed an overdraft limit and you overdraw more than we agreed, the money over the agreed limit is also an unauthorised overdraft.

You should avoid an unauthorised overdraft as it breaks the rules in the terms and conditions. See **terms and conditions**.

Note: You can also read the Central Bank of Ireland's definition of an unauthorised overdraft in our Glossary of EU Standard Language for Payment Services on our website.

Unpaid item

An unpaid item is when a bank does not pay a cheque, direct debit or standing order on a current account. This may happen if there is not enough money in the account to pay the cheque, direct debit or standing order.

Other reasons that an item is not paid include where a cheque is out of date or you have told us to stop a cheque.

Note: You can also read the Central Bank of Ireland's definition of an unpaid item in our Glossary of EU Standard Language for Payment Services on our website.

Wear and Tear agreement

A Wear and Tear Agreement is an agreement between a customer and their motor dealer. It describes the level of wear and tear that is considered acceptable when the vehicle is returned at the end of a Personal Contract Plan (PCP), Business Contract Plan (BCP), Hire Purchase Agreement or Contract Hire Agreement.

Will

A will is a legal document a person signs to say what they want to happen to their money and property after they die. There are special rules about how a will is to be made and to be witnessed. If these rules are not followed the will may not be valid. It is important to get advice from your solicitor about anything to do with wills.

Working capital

Working capital is the money a business uses for its day-to-day operations.

Bank of Ireland is regulated by the Central Bank of Ireland. Bank of Ireland Mortgage Bank u.c. trading as Bank of Ireland Mortgages is regulated by the Central Bank of Ireland. Bank of Ireland trading as Bank of Ireland Finance is regulated by the Central Bank of Ireland.

Bank of Ireland trading as The Mortgage Store - powered by Bank of Ireland is regulated by the Central Bank of Ireland.

Bank of Ireland Insurance Services Limited trading as Bank of Ireland Insurance and Bank of Ireland Insurance Services is regulated by the Central Bank of Ireland.

