

Choosing cards: a guide for the under 18s

There is a vast range of payment cards available for you to choose from - and if you are just starting to find out about the world of personal finance, and what it means to have more than just a savings account - applying for a plastic card can seem a daunting prospect.

This guide aims to help explain some of the different options so you can choose the right card for you and manage your money effectively. This includes understanding how debit and credit cards work, choosing the best type of card for you, your payment options, how to use cash machines, and how to keep your money and cards safe from fraud.

It is estimated that nearly half of all 16- to 17 -year-olds have a debit card.

If you include cash-machine-only cards as well, 78 per cent of this age group hold a plastic card of one sort or another. In 2006, 16- to 17 -year-olds spent £1.4 billion shopping with their cards – with £255 million of this spent online – and withdrew a staggering £3.0 billion from cash machines.

In this guide, we outline the types of card available to you and how these can be used.



Top tips

- Don't write down your PIN or share it with others.
- When entering your PIN in a shop or a cash machine use your spare hand to shield the number from prying eyes or hidden cameras.
- Don't let your cards or your card details out of your sight when making a transaction.
- Always check your statement against receipts and immediately report suspicious transactions to your card company.
- Destroy, preferably shred, any documents or receipts that contain personal financial information when you dispose of them.
- Only shop on secure websites and only use a computer that has up-to-date virus protection and a firewall which is turned on.
- Help prevent a fraudster using your card online by signing up to Verified by Visa or MasterCard SecureCode whenever you are given the opportunity to do so. You will be invited to register an additional password with your card company for use whenever you shop at participating websites.

Card options: which plastic cards are available?

From normal bank or building society debit cards, to gift or pre-paid cards, you have lots to choose from; and all of these cards work in different ways.

Your first task before making a choice is to consider what the card is required for and how it is going to be used, as different cards will suit different needs.

Set out below is a list of the main cards available and whether age restrictions apply or not.

Tell me more about the different card types

Debit card: A card linked to a bank or a building society account. Whenever the card is used to pay for goods and services, or withdraw cash, the cardholder's bank or building society account will be debited directly.

Credit card: A card issued by your bank or another bank or card company. It provides a credit limit that enables the holder to pay for goods and services, either in a shop or online, and withdraw cash up to an agreed credit limit. Every month you will receive a statement and you can decide to pay the balance off in full or in part. If you don't pay back the balance in full interest will be charged.

Cash-machine-only (ATM) card: A card that can be used solely for cash withdrawals and other banking services accessible at cash machines, but which cannot be used to buy things at retail outlets or online.

Cheque Guarantee facility: A function on a card (usually a debit card) issued by a bank or building society that guarantees a cheque written up to a specified value (£50, £100 or £250), under certain conditions.

Pre-paid card: Fairly new to the UK, this is a stored-value card used to pay for goods and services, mainly as an alternative to cash. The card can be disposable or re-loadable. The stored value is reduced as you buy goods or services.

Gift card: Typically operates like a pre-paid card that can be given as a gift, and allows the recipient to buy things up to a specific value. The card may be restricted to certain specific retailers or, in some cases, can be used more widely. These can be re-loadable.

Contactless card: An additional function being launched onto UK credit and debit cards starting in London in autumn 2007. For transactions of £10 or less, where you see the contactless acceptance mark, you will be able to pay by simply holding your contactless card up to a secure reader rather than having to insert your card into a reader and enter a PIN.

Charge cards: Similar to credit cards, charge cards enable holders to make purchases and withdraw cash up to a pre-agreed credit limit, but, unlike a credit card which allows a debt to be carried forward, charge cards oblige the user to settle the account in full at the end of a specified period.

Store card: A card limited in use to a specified retailer or group of retailers. Some cards include the facility to withdraw cash from cash machines.

For more security advice go to www.cardwatch.org.uk

Cards for young people

No age restrictions

Debit cards

These are only issued when linked to a bank or building society account, usually a current account. As under-18s do not have the capacity to enter into a contract, banks and building societies do not usually permit this age group to have an overdraft facility. Some cards, such as Solo or Visa Electron, require all transactions to be authorised against money already in your account, which prevents you going overdrawn. Debit cards will also allow you to use a cash machine.

Cash-machine-only (ATM) cards

An under-18-year-old may be issued with a cash-machine-only card on a current or a savings account, but it will not allow money to be taken out which isn't in the account.

Contactless card payments



This is an additional function being launched onto some UK credit and debit cards in London in autumn 2007. For transactions below £10, where you see the contactless acceptance mark (see above), you will be able to pay by simply holding the contactless card up to a secure reader rather than having to insert your card into a reader and enter a PIN.

Pre-paid or Gift cards

There are generally no restrictions on who can hold this type of card. They may appeal to young people who wish to use cards, but who for whatever reason aren't in a position to hold a bank or building society account.

18 and over

Credit cards

If you are under 18 you can normally only get a credit card as an additional cardholder – for example on a parent's

credit card account. This is because under-18s are not permitted by law to enter into a contract, so cannot be granted access to credit in their own right. Some credit card companies, however, will not give credit cards to under-18s even as additional cardholders.

Charge cards

The same rules apply to charge cards as to credit cards.

Store cards

The same rules usually apply to store cards as to credit and charge cards.

Cheque Guarantee facility on a debit card

This is normally only available to over-18-year-olds as an additional function on a debit card.

How do I find out more?

You can speak to any card company, such as a bank or building society, for more details on the products they can offer you.

Or visit www.choosingandusing.com for help in choosing the right card for you.