

First Right of Appropriation

When money is paid into your account, you have the right to tell the bank how you want that money to be used. This is called the First Right of Appropriation. You must inform your bank how you want the money to be used at the time of payment. If you do not give your bank instructions at the time of payment, they may decide how the money should be used.

To exercise this right, you should send written instructions to your bank in case of any later dispute. An example of what to include in such a letter can be found below. It is also a good idea to request that the bank acknowledge your letter or you could send it via recorded delivery. Remember to keep copies of all correspondence with the bank.

If your bank won't accept instructions, pay the money into another account if you can. If the money has been paid in and the bank won't return it, immediately commence the bank's complaints procedure.

Example wording for a letter giving instructions to your bank

Dear Sir / Madam,

Re: (Insert your name, address and account number)

A BACS payment of £500 from Dartford Borough Council will be credited to my account on or around (INSERT DATE). I am exercising my first right of appropriation over these funds and wish you to pay the following items from them:

£200 'Cash' withdrawal to cover my living expenses.

£160 Cheque to Mr Landlord to cover my rent.

£40 Direct Debit to Phone Co on 5 August

£20 Direct Debit to NPOWER on 6 August.

Yours faithfully

(INSERT YOUR NAME)