

What are debits and costs?

A debit is any transaction where money leaves your bank account.

A debit card lets you spend money you already have, so you aren't borrowing any money and don't need to pay interest.

It's the same as paying in cash.

A direct debit is a regular payment that comes out of your account automatically.

A direct debit is often used to pay bills, like gas or electricity, and the amount can vary.

A standing order is a regular fixed payment set up by you.

It is often used to pay for services, like childcare, window cleaning or subscriptions.

All these debit payments come from money you already have in your account, but if you try to spend more than you have, your bank may charge overdraft fees.

Lynne keeps track of all her debits by checking her bank statement.

It shows direct debits like her £40 per month gym membership, standing orders like £20 per month for dog walking, individual payments and cash she has taken out with her debit card.

She can also see payments towards her mortgage, loans, and credit cards.

Remember, debits are transactions using money you already have in your bank account.

There are no extra costs, as long as you have enough money to cover your spending.