

What if I'm in ChexSystems?



Move Your Future Forward

There's hope! Having a bank or credit union account and being in the "financial mainstream" is critical to your future financial success. The other choice is to continue to pay high processing fees to paycheck cashing sites.

Just because you've been reported to Chex Systems, this does not mean that you will be denied a savings account from your local financial institution (bank or credit union). Sometimes this can be overlooked by the bank to open a new account if they want your business.

If you have been reported to ChexSystems it is difficult to get another bank account. This article will show you how to open an account no matter if you've been reported to ChexSystems or have bad credit.

What is ChexSystem? If you have a history of mishandling your account (for example, people whose accounts were overdrawn and then closed by their bank) your financial institution reports this. When you open a new account, financial institutions check this database to alert them of cases of fraud, or those who routinely and intentionally write bad checks, or whose accounts were closed and still owed money. Each report submitted to ChexSystems remains on your file for five years.

Now what? There are a few financial institutions out there that do not check ChexSystems. Some are well known big banks, others are smaller community banks. Some offer special "second chance" accounts with restrictions, others just check your credit. If you have been completely irresponsible and owe a lot of creditors, you might not be able to open a checking account, but they will let you open a savings account. But there's hope for a checking account, too, once you've had your account in good standing for a little while.

Generally, if you still owe a bank or credit union money, you won't be able to open an account with that company until you've paid them. But there are plenty of other financial institutions out there that want to build a financial relationship with you, so don't worry!*

Step 1 – RESEARCH: Do some research, and have a notepad ready. Identify at least 3 big banks or credit unions, and at least 2 others that have branches near your home or work. Make a list of their company names and phone numbers. (You can look online or in the yellow pages for phone numbers.)

Step 2 – CALL: With notepad in hand, call each of them. (Be prepared to listen closely to the "prompts" to determine which option you need to press on your phone to talk to a person about a general question or "all other questions.")

Here's what to say to the customer service representative:

"Hi, I need your help. I was reported to ChexSystems in the past, and need to know if your bank/credit union will still let me open a savings account."

Step 3 – ASK QUESTIONS: Are any restrictions on the account? Is there a minimum balance requirement? Do I have to do direct deposit to the account? If I keep my account in good standing, can I convert it to an account without restrictions in six months? Is there a monthly fee? What else should I know about this account? (See handout "Choosing a Savings or Checking Account for more details.)

Step 4 – DECIDE: After you've finished your research calls and comparison, analyze the results. Decide which financial institution gets your business. Choose one, don't apply at all of them.

Step 5 – ACT: Apply in person at a local branch to open your account. You'll need to bring your opening deposit and fill out some paperwork. Credit Unions typically require a minimum opening deposit of \$25, some banks are the same.

Step 6 – That's it! Pretty easy right? Now, keep making deposits. You can set up automatic deposit from your paycheck to go straight to this account. You won't spend it if it's not in your hand, and you won't miss it after a while either. Most important, be diligent in keeping this account in good standing!

As long as you're not on the terrorist watch list and haven't committed criminal check fraud, then you're good to go!

(*Disclaimer: That doesn't mean you don't owe the other bank or credit union the money. Once you're in the financial mainstream and have taken control of your finances, you'll be able to begin paying off yesterday's debt and improve your credit all around. But first you have to be "banked.")

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