



AL RAYAN BANK



SHARIA COMPLIANCE GUARANTEED

Profit not interest



Banking you can believe in

Young Person's Savings Accounts

Special conditions

alrayanbank.co.uk

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Section A: Words with special meanings

In this booklet words are used that have special meanings. **We** have put these special words in bold text to help **you** understand what those special words mean when used. **You** should also refer to the words with special meanings set out in the **conditions** as well as those special words which are also used below and are incorporated into these **special conditions**.

Special word	Meaning
adult	A person aged eighteen years or over who is a parent, legal guardian or relative of the young person who has opened the Young Person's Savings Account on behalf of the young person whether independently or jointly with another adult .
calculation date	The last working day in each month.
calculation period	A monthly period equivalent to a calendar month.
conditional access letter	The letter which will be sent out by us to the young person one month prior to the young person's fourteenth birthday. The receipt by us of a conditional access letter which meets the requirements set out in clause 2.2 confirms that access to the Young Person's Savings Account will be granted to the young person on his or her fourteenth birthday in accordance with these special conditions .
conditions	The terms and conditions that govern your account (as set out in the Consumer Banking Terms and Conditions), which are in addition to these special conditions , and which are published on our website (alrayanbank.co.uk).
distributable profit	The net income for a calculation period less the profit stabilisation reserve contribution .

Special word	Meaning
gross income	In respect of each calculation period , all of the revenue generated by the pooled funds during such calculation period prior to any deductions being made.
net income	In respect of each calculation period , the gross income less any costs, fees and expenses which are to be deducted pursuant to special condition 3.1 .
our share of profit	The share of profit due to us . Our maximum share of profit is set out in clause 5.4(d) of these special conditions but we may in our discretion lower our share of profit .
pooled funds	The pooled funds that belong to our customers (which have been paid into a term deposit, savings account, Young Person's Savings Account or any other customer accounts) and which may also include funds belonging to us which we may include in the pool to be invested together in Sharia compliant investments.
profit stabilisation reserve account	An account into which we will pay the profit stabilisation reserve contribution .
profit stabilisation reserve contribution	In respect of each calculation period , the percentage amount we will deduct from net income for payment into the profit stabilisation reserve account .
profit stabilisation reserve contribution cap	The maximum percentage amount we may deduct from net income as set out in clause 5.4(c) of these special conditions . We may at our discretion deduct a lower percentage in certain circumstances.
relative	The grandparent, brother, sister, uncle or aunt of the young person .
savings accounts	An Al Rayan Bank savings account as defined in the savings account special conditions and as published on our website (alrayanbank.co.uk).

Special word	Meaning
young person	The child or young person on whose behalf and in whose name the Young Person's Savings Account has been opened.
young person's share of profit	The share of profit due to the young person . This will be based on the distributable profit less our share of profit to be deducted pursuant to special condition 4 .
Young Person's Savings Account	The Young Person's Savings Account belonging to the young person . The conditions and the special conditions apply to the Young Person's Savings Account even if the name on such account or the number changes.
we, us and our	Al Rayan Bank PLC. Registration No. 4483430. Our registered office is located at 44 Hans Crescent, Knightsbridge, London, SW1X 0LZ.



Section B: Young Person's Savings Account

1. Young Person's Savings Account

- 1.1 The **special conditions** set out below apply to **our Young Person's Savings Account** and are in addition to the **conditions** which also apply.
- 1.2 **Investment of pooled funds**
- 1.2.1 **Our Young Person's Savings Account** operates on a profit and loss sharing basis and is designed to comply with Sharia principles. **Our Sharia Supervisory Committee** will determine what these Sharia principles are. **We** agree to be bound by **our Sharia Supervisory Committee's** decisions and guidance and in opening **our Young Person's Savings Account** the **adult** agrees on behalf of the **young person** to be bound by their decisions and guidance.
- 1.2.2 **We** will invest the **pooled funds** in **our** absolute discretion in Sharia compliant investments at all times ensuring that there are sufficient funds available for providing immediate cash liquidity for **our** customers that wish to make **withdrawals** subject to **special condition 2** below.
- 1.2.3 In opening a **Young Person's Savings Account** the adult acknowledges on behalf of the **young person** that the **young person's** money will be consolidated with **our** funds (and the funds belonging to **our** other customers) and will be invested in accordance with these **special conditions**.
- 1.3 Only an **adult** may open a **Young Person's Savings Account** on behalf of a **young person**.
- 1.4 By virtue of opening the **Young Person's Savings Account** on behalf of the **young person**, a trust relationship is established between the **adult** and the **young person**. This means that the **adult** must always act in the best interests of the **young person**.
- 1.5 The **young person** must be under sixteen (16) years old.

2. The right to withdraw money

- 2.1 Where the **young person** is aged under fourteen (14) years, only the **adult** will be able to make withdrawals on the **young person's** behalf.
- 2.2 Once the **young person** reaches the age of fourteen (14), the **young person** will receive a **conditional access letter**. Such letter must be signed by both the **adult** and the **young person** and returned to **us** together with a certified passport photograph of the **young person**. Certification should be carried out by the **adult** opening the account on behalf of the **young person**.

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- 2.3 Once the **conditional access letter** is signed and returned to **us** in accordance with clause 2.2, the **young person** will be able to make withdrawals from the **Young Person's Savings Account**, limited to a maximum withdrawal amount of £100 per day.
- 2.4 If the **conditional access letter** is not signed and returned to **us** in accordance with clause 2.2, **we** will not provide the **young person** with access to the **Young Person's Savings Account**.
- 2.5 On the **young person** reaching the age of fourteen (14), the **adult** reserves the right not to grant the **young person** access to his or her **Young Person's Savings Account**.
- 2.6 The **adult** may continue to make withdrawals notwithstanding clause 2.2.

3. Operating fees and expenses and profit stabilisation reserve contributions

- 3.1 The **pooled funds** will be subject to deductions for direct costs, fees and expenses incurred in respect of the investment of the **pooled funds**. Such costs, fees and expenses will not exceed the limit set out in clause 5.4(b) of these **special conditions**. Any reasonable costs, fees and expenses that may be additionally due will be paid for by **us** out of **our share of profit**.
- 3.2 In addition to the deduction of the costs, fees and expenses referred to in **special condition 3.1**, the **adult** on behalf of the **young person** authorises **us** to deduct from **net income** a **profit stabilisation reserve contribution** for payment into the **profit stabilisation reserve account**. Upon such deduction the **adult** agrees on behalf of the **young person** that the **young person** relinquishes any right that he or she may have to the monies in the **profit stabilisation reserve account**. The **profit stabilisation reserve contributions** made by all **our** customers are made on a combined mutual basis in support of improving **distributable profits**.
- 3.3 **We** will exercise reasonable discretion as to when amounts in the **profit stabilisation reserve account** may be used to improve **distributable profits** but **we** will always follow the guidance of **our Sharia Supervisory Committee**.
- 3.4 In the event that Al Rayan Bank PLC is placed into liquidation following a court order, the **adult** agrees on behalf of the **young person** that the balance in the **profit stabilisation reserve account** will be paid to charitable causes and the **adult** agrees on behalf of the **young person** to relinquish any right the **young person** may have to the monies in the **profit stabilisation reserve account**.

4. Our share of profit

- 4.1 **Our share of profit** will be calculated on each **calculation date** for each **calculation period** and will be determined by reference to the percentage set out in clause 5.4(d) of these **special conditions**.

5. Share of profit

- 5.1 **We** will calculate the **young person's share of profit** on a monthly basis.
- 5.2 Under current UK tax law (which applies to these special conditions), a young person will not be liable to pay income tax on the **young person's share of profit** credited to the **Young Person's Savings Account**, provided that the **young person's** income, if any, is below the basic tax rate threshold for the current tax year. If the **young person's** income is over the current basic tax rate threshold, the profit earned should not exceed the Personal Savings Allowance (PSA) in accordance with clause 5.3 below.
- 5.3 **We** will pay the **profit** gross, without deducting any applicable income or other tax that the adult is required to pay on behalf of the **young person**. Any savings returns the **young person** earns above the Personal Savings Allowance (PSA) limit will be subject to UK tax and it is the adult's responsibility, on behalf of the **young person**, to declare this to HM Revenue & Customs.

If the **young person** receives more than £100 of profit per tax year from money given to them by a parent (this rule doesn't apply to gifts given by grandparents, other family members or friends) that profit will be taxed as the parent's earned income.

- 5.4 On each **calculation date** for the relevant **calculation period** **we** will calculate the **young person's share of profit** in the following manner:
- (a) First, **we** will calculate the **gross income**;
 - (b) Secondly, **we** will calculate the **net income** by deducting direct costs, fees and expenses incurred in respect of the investment of the **pooled funds**. The maximum percentage that **we** will deduct for such costs, fees and expenses shall be limited to 1.5% of the average **pooled funds** during the **calculation period**;
 - (c) Thirdly, **we** will calculate the **distributable profit** out of the **net income** by deducting a **profit stabilisation reserve contribution**. The maximum percentage that **we** shall deduct will be limited to 20% of the **net income**;
 - (d) Fourthly, **we** will calculate **our share of profit**. **Our** maximum share of profit will be limited to 50% of the **distributable profit**;
 - (e) Finally, **we** will calculate the **young person's share of profit** and credit the **Young Person's Savings Account** with the amount due to the **young person** in accordance with the provisions of this **special condition** 5.

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- 5.5 **We** may from time to time reduce **our share of profit** and the **profit stabilisation reserve contribution** at **our** discretion.
- 5.6 The **young person's share of profit** as calculated in this **special condition** 5 will be presented as an annual gross per annum and will be published as **your** share of profit on **our** website (alrayanbank.co.uk). The expected profit rate may change from time to time and such changes will be published on **our** website.

6. Profit & loss sharing

- 6.1 It is a Sharia principle that profit and loss sharing accounts such as the **Young Person's Savings Account** involve (1) the potential for the **young person's** capital to make a profit for the **young person** and (2) the risk that the **young person's** capital could suffer loss in the event of the **pooled funds** administered by **us** returning a loss.
- 6.2 When the **young person's** capital makes a profit **we** shall account to the **young person** for that profit in accordance with these **special conditions**.
- 6.3 As a matter of English law (which applies to these **special conditions**) and in accordance with **our** Memorandum and Articles of Association, in the event that the **young person's** capital suffers a loss, **we** shall seek to mitigate the loss in the following manner:
- (a) **We** may forego some or all of the fees chargeable by **us** in respect of the investment of the **pooled funds** for the **calculation period** relevant to the **Young Person's Savings Account**.
- (b) **We** shall draw upon any available balance in the **profit stabilisation reserve account** administered by **us** to make good as much of the **young person's** capital loss as the available balance permits **us** to do.
- (c) In accordance with **our** Memorandum and Articles of Association, **our** directors are prevented from declaring any distribution to **our** shareholders unless they are satisfied that there is no shortfall in meeting the **young person's** claim(s).
- (d) If the pooled funds referable to the **young person's** capital return a loss, **we** shall make an offer to the **adult** on behalf of the **young person** to make good the amount of any shortfall that the **young person's** capital may have suffered. **We** are required by UK Banking regulations and policy to make this offer to the **young person**. If the **adult** on behalf of the **young person** chooses to accept this offer, he or she shall be entitled to receive payment from **us** of the full amount that the **young person** had previously deposited with **us**. The **young person** or the **adult** on behalf of the **young person** is entitled to refuse this offer from **us**.
- 6.4 **We** would like to draw attention to the guidance offered by our Sharia Supervisory Committee. Their guidance is that if the **adult** accepts on the **young person's** behalf **our** offer to make good the amount of any shortfall (set out in **special condition** 6.3 (d)) and this is accepted, the **adult** on behalf of the **young person** will not be complying with Sharia principles.

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- 6.5 In certain circumstances **we** may not be able to pay back to the **young person** the amount that **we** are obliged under these terms and conditions. If the terms of the Financial Services Compensation Scheme (FSCS) apply in these circumstances it may be possible to apply to the FSCS for payment of compensation.
- 6.6 If the **young person** has suffered a loss in respect of which **we** have made an offer to the **young person** which the **adult** has accepted on behalf of the **young person** (see **special condition 6.3(d)**), the **adult** on behalf of the **young person** may be able to apply successfully to the FSCS for payment of compensation if **we** fail to make payment to the **young person** in respect of that loss. If the **adult** on behalf of the **young person** has refused such an offer from **us**, the **adult** on behalf of the **young person** may not be able to apply successfully to the FSCS for payment of compensation in respect of the amount that was previously refused.
- 6.7 Should the **young person** suffer a capital loss due to fraud, gross misconduct or gross negligence committed by **us**, then **we** may be obliged, in accordance with Sharia principles, to make good to the **young person** any such capital loss on the **Young Person's Savings Account** out of money held by **us** on behalf of **our** shareholders.

7. Statements

Statements will be sent to the **young person** quarterly.

8. Closing the account

When the **young person** reaches the age of sixteen, **we** will write to them to inform them of the options available to them to either switch the **Young Person's Savings Account** to **our** standard savings account or current account, or they have the option to close this account and no further account is to be opened.

9. Governing law

- 9.1 The laws of England govern these special conditions.
- 9.2 We both recognise and agree that the payment and/or receipt of interest is against Sharia principles and consequently this agreement does not involve the payment or receipt of interest. We both agree with each other that neither of us will in any proceedings against the other, claim interest from the other and we both expressly waive and reject any entitlement to recover interest from the other.



Banking you can **believe** in



AL RAYAN BANK

Want to know more
about any of our
products or services?

Call us on:

0800 4083 084*

Monday to Friday, 9am to 7pm.

Saturday, 9am to 1pm.

*Calls may be recorded for training and security purposes.

Visit: alrayanbank.co.uk

Write to: **Al Rayan Bank, PO Box 12461,
Birmingham, B16 6AQ**

Or visit any of our branches.

If we don't get it right

Al Rayan Bank PLC will endeavour to ensure that you receive the highest standard of service and that you are treated with courtesy at all times. If you are unhappy with any aspect of our service, we would like to know why.

For a copy of our Customer Care leaflet dealing with our complaint handling procedures, please call our Customer Care team on 0800 4086 407.

General Data Protection Regulation (GDPR)

Under the GDPR you have the right of access to your records.

Should you wish to access this right please write to:

Data Protection Officer,
Data Subject Access Requests,
Customer Care Team,
Al Rayan Bank PLC,
24a Calthorpe Road,
Edgbaston,
Birmingham,
B15 1RP

Membership of the Financial Services Compensation Scheme

Al Rayan Bank PLC is a member of the Financial Services Compensation Scheme.

This scheme may provide compensation, if we cannot meet our obligations. For example, in respect of deposits with a UK office, payments under the scheme are limited to 100% of the first £85,000 of a depositor's total deposits with the bank.

Most depositors including individuals and businesses are covered. The scheme covers deposits made with the offices of the bank within the European Economic Area.

**Al Rayan Bank PLC is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Our firm reference number is 229148.
Al Rayan Bank PLC is incorporated and registered in England and Wales. Registration No. 4483430.
Registered office: 44 Hans Crescent, Knightsbridge, London, SW1X 0LZ.**

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