

YOUR RIGHTS  
AS A  
BUILDING SOCIETY  
MEMBER



BUILDING  
SOCIETIES  
ASSOCIATION

As a member of a building society you are more than just a customer, and as such, you have certain rights to receive information and to voice your opinions on the way your building society is run.

This leaflet is designed to explain what members' rights are and how to exercise them.

# CONTENTS

- Q1. What is a building society?
- Q2. What rights do members have?
- Q3. What is an Annual General Meeting (AGM)?
- Q4. Who can vote at an AGM?
- Q5. How are directors elected?
- Q6. What information is sent to members?
- Q7. Do all members have rights?
- Q8. What happens with a joint account?
- Q9. Where can I get further information?
- Q10. What is The Building Societies Association?

## Q1. What is a building society?

A building society is a mutual institution. Being mutual means that most customers who have a savings account, or mortgage, are members and have certain rights that come with being a member. By using these rights, members can influence the affairs of their society.

Building societies are unlike banks, which are public limited companies (plcs) owned by, and run for, their shareholders. As a mutual, a building society does not have any other set of owners, separate from its members, to influence or direct its business.

## Q2. What rights do members have?

Members have a range of rights, and the most important of these are explained in the following paragraphs.

## Q3. What is an Annual General Meeting (AGM)?

Members are entitled to receive notice of, take part in and vote at the society's Annual General Meeting (AGM). The AGM must be held within four months of the end of the society's financial year. The majority of societies have a financial year ending in December, and usually hold their AGMs in the following April.

The AGM is held to present the annual accounts and directors' report, to consider the auditors' report on the accounts, to appoint the auditors and to elect the directors. Any changes to the society's memorandum or rules (the memorandum describes those activities that the society can undertake and the rules govern its relationship with its members) would also be considered at an AGM. During an AGM, members are able to ask questions of the board and make comments on the society's business.

Prior to an AGM being held, members have the right to ask for the agenda to include a resolution to be discussed and voted on at the meeting. The member must be qualified under the society's rules to put forward a resolution, and have enough support for the resolution from other members. Any resolution must be submitted to the society before the end of the financial year for discussion at the following AGM.

Occasionally, a society will organise a Special General Meeting (SGM) to discuss a specific topic; members themselves have the right to ask for the society to organise such a meeting. A request to the board to hold a SGM usually requires the backing of 500 or more members, who have been members for two years or more. Dependent on each society's rules, each of the members requesting the meeting may also be required to pay a deposit of £25. In certain limited, and highly unusual, circumstances members can apply to the Financial Services Authority (the body that regulates building societies) to call a SGM on their behalf.

## Q4. Who can vote at an AGM?

Building societies operate on the principle of 'one member, one vote'. This means that members have one vote each, regardless of the size of their savings account or mortgage loan. If a member is both a saver and a borrower with a society, they will still normally have just one vote (except when asked to vote on a conversion or merger, when two separate votes are given).

Members have the right to vote on proposals put forward at an AGM, such as any proposed changes to the memorandum and the rules of the society. The memorandum and rules can be amended only by a decision of the members at an AGM. A proposal to merge with another building society, or to transfer the society's business to a company would also be voted upon at a general meeting.

Members unable to attend an AGM or SGM (or who do not wish to attend) can appoint a proxy to attend and vote on their behalf; your society will probably send you a proxy form on which to indicate your wishes and your vote can be used.

## Q5. How are directors elected?

At an AGM, members elect the directors of the society. Typically, a society will have a board of between seven and 15 directors and all directors

must themselves be investing members of the society.

The board of directors takes the major decisions in the running of a society, such as deciding on the overall levels of interest rates, the products and services to be offered and the business strategy as a whole, and also appoints the senior managers. Directors usually serve terms of three years, after which they may then stand for re-election. Your society will let you know when directors' terms are due to end.

Members have the right to nominate candidates and stand for election as directors themselves. However, directors' responsibilities are onerous and complex, and a range of skills are necessary to carry out the duties involved, and make decisions that take account of all the investing and borrowing members. A society will provide details of the duties of directors and the nomination and election procedures to any member, on request. A director must be approved by the Financial Services Authority and will be subject to certain standards set by that body.

Bearing these responsibilities in mind, a member would therefore need to consider carefully before deciding to stand for election to the board or nominating a candidate. A member standing for election also has the right to ask the society to circulate their election address to the members of the society along with details of the other directors standing for election.

## Q6. What information is sent to members?

Members are entitled to receive a range of information, including:

- a copy of the society's rules and memorandum (on request)
- a copy of the annual summary financial statement on the society's business (which is sent to members before the AGM and also when an account is first opened)
- a copy of the detailed annual report and accounts (on request)
- notice of the AGM

Societies must also provide a range of financial and business information before asking members to vote on a merger proposal or on a proposal to transfer the society's business to a company.

## Q7. Do all members have rights?

Most people taking out a mortgage or opening a savings account with a building society become members and therefore have the rights mentioned above. However, some building society investors have deposit accounts (although this is increasingly rare) and as such, these depositors are not members and have no member rights. Your society will be able to tell you which type of account you hold.

Also, saving members with less than £100 in their account, borrowing members with a mortgage of less than £100, and members under the age of 18 have restricted rights, allowing them only to receive information on request. They cannot vote, nominate directors or speak at AGMs, for example.

## Q8. What happens with a joint account?

In many cases, savers and borrowers have joint accounts; for instance, a husband and wife may hold one account between them. In such cases, only the first-named account holder is entitled to all of the members' rights described above; the second, or subsequent, named are entitled to fewer rights - mainly regarding obtaining information. It is therefore important that careful consideration is given to the order of names on a joint account.

## Q9. Where can I get further information?

This leaflet is only a summary of members' rights, as provided for in the relevant legislation and societies' rules. Each society's rules are slightly different and if you have any further queries about your rights as a member, please contact your building society directly.

## Q10. What is The Building Societies Association?

The Building Societies Association is recognised by the Government as the national body for the building society sector of the financial services industry. All building societies in the UK are members. Further information about the Association and its members, and the leaflets listed below, is available on our website at **[www.bsa.org.uk](http://www.bsa.org.uk)** or by writing to the address on the back of this leaflet.

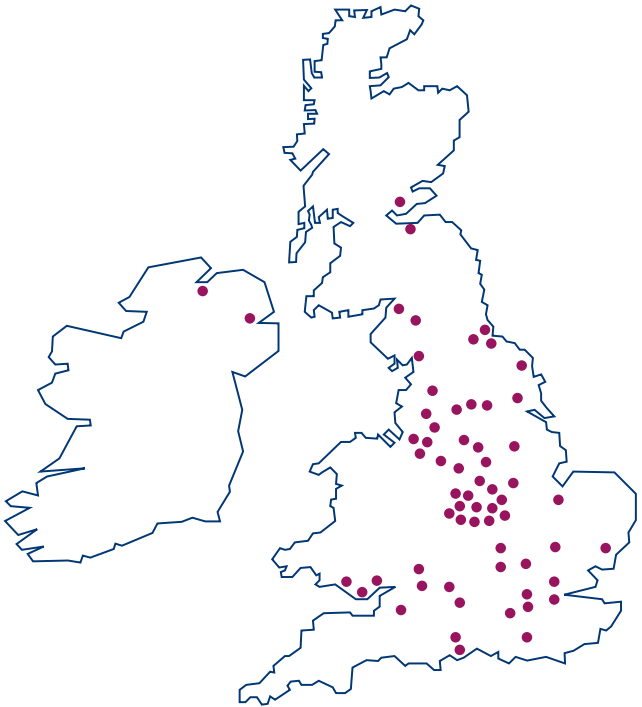
*Why we need building societies*

*Individual savings accounts and building societies*

*Taxation of building society interest*

*What EMU means for you*

This leaflet is correct at the time of printing (October 2001).



Building societies can be found all over the United Kingdom, as shown by the location of their head offices on this map.

- |                        |                    |                              |
|------------------------|--------------------|------------------------------|
| Barnsley               | Gainsborough       | Norwich & Peterborough       |
| Bath Investment        | Hanley Economic    | Nottingham                   |
| Beverley               | Harpenden          | Penrith                      |
| Britannia              | Hinckley & Rugby   | Portman                      |
| Buckinghamshire        | Holmesdale         | Principality                 |
| Cambridge              | Ilkeston Permanent | Progressive                  |
| Catholic               | Ipswich            | Saffron Walden Herts & Essex |
| Century                | Kent Reliance      | Scarborough                  |
| Chelsea                | Lambeth            | Scottish                     |
| Chesham                | Leeds & Holbeck    | Shepshed                     |
| Cheshire               | Leek United        | Skipton                      |
| The Chorley & District | Loughborough       | The Stafford Railway         |
| City of Derry          | Manchester         | Staffordshire                |
| Clay Cross             | The Mansfield      | Stroud & Swindon             |
| Coventry               | Market Harborough  | Swansea                      |
| Cumberland             | Marsden            | Teachers'                    |
| Darlington             | Melton Mowbray     | Tipton & Coseley             |
| Derbyshire             | Mercantile         | Universal                    |
| Dudley                 | Monmouthshire      | Vernon                       |
| Dunfermline            | National Counties  | West Bromwich                |
| Earl Shilton           | Nationwide         | Yorkshire                    |
| The Ecology            | Newbury            |                              |
| Furness                | Newcastle          |                              |

This publication is issued by  
The Building Societies Association, 3 Savile Row, London W1S 3PB  
on behalf of Building Societies Trust Limited.  
October 2001