3. Arriving overseas

Important points

- Keep UK bank accounts as a "feeder" account for offshore accounts.
- HM Revenue & Customs should apply the tax advantageous "income disregard" rules when going abroad and still having UK income.
- It is vital to have a foreign will drawn up in the country of residence, otherwise "forced heirship" rules and many other problems may mean it takes year to release assets to beneficiaries.
- In Europe, wills can be drafted with a Brussels IV clause so that the governing law is that of the UK.
- Certain Islamic countries apply inheritance of assets under local laws, which may cause problems if not addressed in an appropriate clause in the will.
- Exchange rate fluctuations can play havoc with finances, so having accounts in varying currencies – e.g. US$, euros, sterling and the local currency – could be a good idea.

3.1 Arrival

For British expats arriving in a foreign jurisdiction for work or retirement, there will be a huge culture shock if the individual has not been assigned or lived abroad previously. From the moment the expat lands in the new destination everything will seem at odds with how things are organised in the UK. Immigration officers may have a poor grasp of English and any discrepancy in a visa application will immediately start the expat thinking or saying "that's not how we do it back home". With this mindset, the expat will face frustration from day one and if this is not overcome his or her time in the foreign country may be limited. To overcome this frustration, a pre-arrival investigation should be conducted by the individual (and, as necessary, by his or her family members) on various expat internet forums. Even better, the individual should attend a familiarisation course, available from various providers.

Individuals working locally will be occupied for most of the week but spouses and partners may suddenly be on their own, having to cope with a strange country and odd customs. This can lead to problems, especially in countries where the spouse or partner cannot work and for whom spare time is therefore plentiful. Learning the new language helps to occupy the time, while joining clubs and expat groups will help overcome this boredom. Whilst this book is not about the social side, this is almost as important as, if not more critical than, any chapter in this book.

In the following sections of this chapter we point out the immediate important matters to attend to on arrival, such as setting up the local bank account, registering with the British embassy, leasing property and registering a will in that jurisdiction. Matters such as bribery and corruption will to a lesser degree impose themselves on the expat depending on the jurisdiction in which he is located. A lot of newcomers have the mindset that "it won't happen to me" – this unfortunately is rarely the case!

3.2 Bank accounts

3.2.1 Overview

When moving abroad, the internationally mobile will require a bank account in the foreign jurisdiction for rental payments, living expenses, etc. Also, an existing UK bank account should not be closed as often there will be problems with opening the foreign account and limits on the amount of withdrawals per day, as detailed at **2.4.1** (UK bank accounts).

A foreign bank account should be in joint names of husband and wife so that withdrawals can be made by either party in emergency medical situations and on a partner's demise in the foreign jurisdiction. Some offshore banks offer far higher rates of interest than UK banks and also have lower maintenance costs.

Individual bank accounts can be equally important, however – particularly for women. If a husband dies in some Middle Eastern countries, for example, the widow may well be locked out of the joint account until the will has been approved, a process that can take months. Generally, it is easier for widowed husbands to access a joint account.

3.2.2 Offshore accounts

There are some disadvantages to using an offshore bank. Many are less secure from a financial point of view (as illustrated by the past collapse of banks in Iceland, where many of the people who lost deposits were non-residents of Iceland, including institutional investors). Similarly, certain UK banks have in the past suffered government bail outs.

Many offshore banks offer investor compensation schemes (see **2.4.3** – Overseas compensation schemes) which may only partially cover individual investors in the event of a collapse. It is important for the expat to check that there is compensation in place before using such an institution. Compensation schemes are usually capped at a specific amount so expats should split their investments if the amount exceeds the compensation limit.

There is an ongoing association between offshore banking and the proceeds of illegal activities. For example, a Brazilian bank (FPB Bank Inc) went into liquidation, ordered by the Superintendent of Banking of the Republic of Panama, being one of the financial institutions that allegedly moved the bribe payments for Norberto Odebrecht SA, the Brazilian construction company at the centre of a corruption scandal. These problems also arise with tax evasion and money laundering through banks; although steps are being taken to limit this and monitor banking activity (see below).

The problem of mis-selling of investments by Bank officials in respect of their customers has also to be addressed, particularly abroad. In Hong Kong the 2016 case of Mrs Chang was successful in a claim for damages against the Bank of Singapore for breach of contract, negligent advice, misrepresentation and/or undue influence in relation to their investments made through the bank via her investment vehicle Nextday International Limited. The Court found the bank had an advisory duty in relation to their non-discretionary accounts but this duty was breached by the bank as it was acting through its relationship manager in charge of the Chang account. As such, the recommended products exceeded the customer's risk appetite and the relationship manager failed to explain the risks of such products. In this case, the bank's usual industry standard disclaimers and non-reliance clauses in the bank/customer terms were arguably inconsistent with an advisory relationship.

In light of the *Chang* decision it would be hoped that banks/financial advisers, etc. will in future look at their typical exclusion clauses with greater customer care and oversight.

Expats are sometimes in locations not easily serviced by international banks and so all transactions are carried out at a distance. It is convenient not to have to visit the bank to open an account and then effect transactions online, say, from a Western Australian ocean oilrig. Also, in terms of movements in worldwide exchange rates, offshore banks can offer accounts in different currencies, which can help expats to spread the risk in their sterling salaried accounts when working abroad.

Example

Kim works in Hong Kong in a high-powered job. She has substantial funds in a UK building society account, which regularly tops up her UK bank account when the balance reduces below £1,000.

She is paid part of her salary in Malaysian Ringgits and the balance is paid into her Isle of Man sterling account. Whilst the Brexit 23 June 2016 referendum results were coming through on the Thursday night and Friday morning it became clear that the value of her sterling account was to be reduced substantially. The impact of this was that it would cost substantially more to remit funds to Hong Kong if needed, and the value of sterling against all other currencies would be less.

Her UK bank and building society was shut due to the time difference. Her Isle of Man bank 24-hour enquiry centre said that she only had a sterling account with them but if she had opened a US$ account as well, the transfer could be made from sterling to US$.

Sterling dropped from 1.4716 on 22 June to 1.32 on 27 June, at which time Kim had begun to arrange a US$ account with her Isle of Man bank into which she transferred her sterling. By 28 October sterling had dropped to 1.2185. So whilst Kim had initially been unable to act quickly to the fast-changing exchange rate she did eventually "stop the rot".

It is therefore, in such circumstances, often wise to have a foreign bank account denominated in US dollars, euros, Australian dollars or Japanese yen.