



Money monitor

Best Buys plus
what's in
the news

IS IT WORTH IT?

Fidelity retirement funds

Fidelity has launched new investment funds aimed at people who want to save for retirement outside a pension scheme. The investment mix varies, depending on how long you have to go till retirement. Near retirement, your money is moved into



Fidelity's Retirement Income Fund, which pays you an income when you retire. The attractions are more flexibility and – by not having to buy an annuity – the ability to pass on remaining funds to your heirs. But you won't benefit from tax relief and any money you pass on may be liable to inheritance tax. **VERDICT** This might be of interest to those who have large non-pension savings, but the Retirement Income Fund is not an alternative to annuities for most people, who will already have put retirement savings into a pension fund. Continuing to invest in equities after retirement offers potential for long-term growth, but you are restricted to Fidelity funds, which may or may not perform as well as alternatives.

Contacts

Alliance & Leicester
0800 068 6069
www.alliance-leicester.co.uk

Bradford & Bingley
www.bradfordandbingley.co.uk

Cahoot www.cahoot.com
Chelsea BS
0800 121 8822
www.thechelsea.co.uk

Chorley & District BS
01257 279373
www.chorleybs.co.uk
Earl Shilton BS 01455
844422; www.esbs.co.uk

First Direct
0800 242424
www.firstdirect.com
Halifax 0845 726 3646
www.halifax.co.uk

Hanley Economic BS
0800 542 8790
www.thehanley.co.uk
Intelligent Finance 0845
609 4343; www.if.com
Kent Reliance BS
0845 122 0022
www.krbs.co.uk
Monmouthshire BS
01633 844402
www.monbs.com
Nationwide BS
0800 302010
www.nationwide.co.uk
Saffron BS 0800 072
1100; www.saffronbs.co.uk
Skipton BS 0845 717
1777; www.skipton.co.uk
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Yorkshire BS 0845 120
0100; www.ybs.co.uk

CURRENT ACCOUNTS	A/C DETAILS		AUTHORISED O/D			SATISFACTION
	MIN MTHLY PAY IN (£)	INTEREST ON £1+ (%)	ANNUAL INTEREST RATE (%)	SMALL (£)	LARGE (£)	OVERALL
ALLIANCE & LEICESTER Premier ^a	500	1.50	7.90 ^b	1	18	★★★
ALLIANCE & LEICESTER Premier Direct ^{c,d}	500	6.50 ^e	5.90 ^b	1	13	★★★
CAHOOT		3.65 ^f	11.80	0	21	★★★
FIRST DIRECT Bank Account	1,500 ^g	2.00	10.90	1	24	★★★★
INTELLIGENT FINANCE		3.00	10.05	1	22	★★★
NATIONWIDE BS FlexAccount	1,000	4.25 ^h	7.75	1	17	★★★★
SMILE	1,000	3.04	11.90 ^j	1	26	★★★★

^a Includes free European annual travel insurance (age limit of 65 applies) ^b Twelve-month interest-free overdraft for new customers
^c Must register for this account with a valid email address ^d No paper statements available: account transactions must be viewed online
^e On credit balances up to £2,500 for new accounts until 31 July 2008 ^f 3.75 per cent without a chequebook ^g 2 per cent also available if credit balance of £1,500 is kept in account ^h 4.25 per cent on the first £3,000 of balance, then 0.25 per cent above £3,000
^j Twelve-month £500 fee-free overdraft

MINI CASH ISAs	ACCESS TYPE OF A/C	AER (%)			TERMS		CONSISTENCY BEST BUY FOR 6 MONTHS
		UP TO £2,999	£3,000-£5,999	£6,000-£18,000	INITIAL DEP (£)	NOTICE (DAYS)	
KENT RELIANCE BS Direct	P	5.96	5.96	5.96	1		✓
YORKSHIRE BS e-Isa	I	5.80	5.80	5.80	10		✓
BRADFORD & BINGLEY e-Isa^a	I	5.80	5.80	5.80	1,000		✓
MONMOUTHSHIRE BS	B/P	5.80	5.80	5.80	10	30	

Rates highlighted in red show the categories in which the accounts are Best Buys **Access** Type of banking offered: B=branch; I=internet; P=postal ^a Monthly interest also available

CHILDREN'S ACCOUNTS	ACCESS TYPE OF A/C	AER (%)		A/C DETAILS		CONSISTENCY BEST BUY FOR 6 MONTHS
		£10+		MAX AGE	FREE GIFT	
YORKSHIRE BS One Day^a	B/P	5.95		20		✓
CHELSEA BS Ready Steady Save	B	5.95		15		✓
HALIFAX/BANK OF SCOTLAND Save4it	B/P	5.80		15	✓ ^b	✓
NATIONWIDE BS Smart^a	B/I ^c	5.78		17	✓ ^d	✓
SAFFRON BS Ladybird	B/P	5.75		15	✓ ^e	✓
MONMOUTHSHIRE BS Young Savers	B/P	5.75		17	✓ ^f	

Access Type of banking offered: B=branch; I=internet; P=postal ^a Interest paid twice a year ^b Coin bank and calculator
^c Internet banking for over-11s only ^d Welcome pack ^e Moneybox ^f Moneybox, rucksack or wallet

CHILD TRUST FUNDS	ACCESS TYPE OF A/C	AER (%)			CONDITIONS	
		£250	£750	£1,450	MINIMUM ADDITION (£)	TRANSFERS IN
CHORLEY & DISTRICT BS	B/P	6.60	6.60	6.60	none	✓
YORKSHIRE BS	B/P	6.35 ^a	6.35 ^a	6.35 ^a	none	✓
SKIPTON BS	B/P	6.10	6.10	6.10	10	✓
EARL SHILTON BS	B/P	6.00 ^b	6.00 ^b	6.00 ^b	10	✓

Rates highlighted in red show the categories in which the accounts are Best Buys **Access** Type of banking offered: B=branch; P=postal
^a Rate excludes 0.7 per cent bonus payable for 12 months ^b 0.5 per cent bonus if £240 paid in each year for two years

31 million
taxpayers in the UK
2005-06

HER MAJESTY'S REVENUE & CUSTOMS

Current accounts

Every year we ask you about your current account and use the results to help choose our Best Buys. All our Best Buys achieve at least an average rating for satisfaction and are good value, whether you are in credit or run an overdraft.

Smile, First Direct and Nationwide are top for overall customer satisfaction, though it remains to be seen whether First Direct is as popular since the increase of its minimum monthly payment.

The 'small' overdraft column shows the annual cost of running a £100 authorised overdraft for one week a quarter. The 'large' overdraft column shows the annual cost of a £500 authorised overdraft for two weeks a month.

Cash Isas

Top of the table this month is Kent Reliance Building Society's Direct account, which is operated by post. If you prefer to receive interest monthly, Bradford & Bingley's e-Isa allows you this option. We've included only Isas that allow transfers into the account. If you don't have any money to transfer, Isas offered by Egg and National Savings Direct both currently pay 6.05 per cent.

Children's accounts

All our Best Buys are instant access accounts, so you can deposit and withdraw money at any time. Yorkshire Building Society's One Day account and Chelsea Building Society's Ready Steady Save pay the best rate (5.95 per cent from any amount) with a maximum age of 20 and 15 respectively. Yorkshire, Chelsea, Halifax/Bank of Scotland, Nationwide BS and Saffron BS have been Best Buys consistently for the past six months.

Child trust funds

A cash child trust fund acts just like a savings account, except the interest is tax-free and the child can't get at the money until they are 18. Our Best Buy cash account from Chorley & District Building Society currently pays 6.6 per cent. Hanley Economic Building Society offers 7.05 per cent, but it's available only to people living locally.

Your money

Takeaway chip & Pin



In a bid to stop online fraud, Barclays has become the first UK bank to issue home-based chip & Pin machines, sending around half a million to selected customers over the summer. We've tested one and can report that it's easy to use, if a little cumbersome.

Resembling a chunky pocket calculator, the PinSentry device scans your debit card and then asks for a four-digit

Pin, just like a till transaction. If you key in the correct number, it generates an eight-digit code, which you enter online to log on to your bank account. You have to repeat the procedure each time you log on and each time you want to transfer money to a new account online. The numbers displayed are quite small but can be enlarged by pressing a button. Barclays is also producing audio card-readers for visually impaired customers.

Although it takes you longer to log in, the system does make online banking more secure, as your online account cannot be accessed without the correct eight-digit code. The PinSentry is not yet being used for credit card transactions. See p22 for more about online banking security.

Endowment complaints continue

Complaints about mortgage endowments continue at a high level, despite falling by a third from their 2005 peak, according to the Financial Ombudsman Service. Its 2006-07 annual review shows that it received 46,134 new complaints this year and has concluded 250,000 mortgage endowment cases since 2001.

Anyone who has received a 'red letter' warning of a possible endowment shortfall has a limited period (normally three years from receiving the letter) to seek compensation for possible mis-selling. See www.which.co.uk/endowmentaction for more.

NEWS IN BRIEF

Tax revenue up

■ The government raised £423bn in tax last year, up by 6 per cent on 2005-06. Income tax and National Insurance made up more than half of this (£228bn), with the rest coming from VAT (18 per cent), corporation tax (10 per cent), oil, including diesel and petrol (6 per cent) and stamp duty (3 per cent). The rest included £3.6bn inheritance tax, less than 1 per cent of the total.

Ernie gets a boost

■ National Savings & Investments has boosted the premium-bond prize fund by more than £7m (to £112m) due to recent interest-rate rises. From this month it will pay out almost 1.5m prizes, including 25 extra of £50,000.

Online traders taxed

■ The 10m people who trade online on eBay have been warned that they may need to pay tax on earnings. See www.hmrc.gov.uk/findout for an explanation of the difference between tax-free occasional sales and regular trading.

TAKE ACTION!

Tell your bank if you are planning to use your credit or debit cards on holiday abroad, so that you're not denied access to your account for security reasons.

OUR UNIQUE RESEARCH

Our Best Buys

We analyse the whole market to bring you our Best Buys. With savings and loans, we recommend only companies that subscribe to the Banking Code. This means you've got protection if anything goes wrong. Like all Which? recommendations, our Best Buys are totally independent – so they're not swayed by any industry influence.

MORE ON MONEY

Which? Money

In the July issue of *Which? Money*, we reveal the smartest ways to invest for the long term, and much more besides, including best-value credit cards. Try two issues of *Which? Money* for just £2. Call now on 01992 822800.



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