



Money monitor

Best Buys plus
what's in
the news

IS IT WORTH IT?

Air Miles mortgage

Lloyds TSB's three-year fixed-rate mortgage deal offers a range of perks, such as five flights to Barcelona or 10 cases of wine. You earn 6,000 Air Miles when you take out the mortgage and a further 1,800 after three years. The rate depends on what proportion of your house's value you borrow and whether you pay a fee.

For a 90% mortgage with a £995 fee the rate is 6.44% for the first three years (6.74% without the fee), reverting to 7% after that. This gives an APR of 7.2%. For a 75% mortgage with £995 fee the initial rate is 6.14%, rising to 7% after three years. You also have to pay an application fee of £99.

VERDICT For borrowing 75%, the starting rate of 6.14% is attractive. The Air Miles are worth around £600, cutting the fee to about £400. For higher borrowers, HSBC and Nationwide offer lower starting rates and APRs of 6.4% and 6.6%, respectively. HSBC charges £499, Nationwide £599. See www.which.co.uk for our calculator covering the whole mortgage market.

Contacts

Abbey 0800 587 2764
www.abbey.com

Anglo Irish Bank
0845 455 2222; www.angloirishbank.co.uk

Barclaycard
0800 731 0200
www.barclaycard.co.uk

Birmingham Midshires
www.askbm.co.uk

Bradford & Bingley
www.bradfordandbingley.co.uk

Chelsea BS
0800 169 9911
www.thechelsea.co.uk

Coventry BS
www.thecoventry.co.uk

Dunfermline BS
0845 733 6688
www.dunfermline.com

Egg Money
www.egg.com

FirstSave
www.firstsave.co.uk

Icesave www.icesave.co.uk

ICICI Bank UK 0808 131 4151
www.icicibank.co.uk

Kaupthing Edge
www.kaupthingedge.co.uk

Kent Reliance BS 0845 122 0022; www.krbs.co.uk

Leeds BS
www.leedsbuilding society.co.uk

Loughborough BS
01509 631960; www.theloughborough.co.uk

Manchester BS
0161 923 8000
www.themanchester.co.uk

Market Harborough BS
www.mhbs.co.uk

Principality BS
www.principality.co.uk

Saga 0845 603 5468
www.saga.co.uk

Scarborough BS
0845 634 3760
www.scarboroughbs.co.uk

SAVINGS ACCOUNTS	ACCESS TYPE OF A/C	AER (%)		CONDITIONS		CONSISTENCY BEST BUY FOR SIX MONTHS
		£100	£1,000 TO £10,000	INITIAL DEPOSIT (£)	NOTICE (DAYS)	
BIRMINGHAM MIDSHIRES e-Saver	I	6.50	6.50	1	0	
KAUPTHING EDGE Savings Account ^a	I		6.50	1,000	0	
CHELSEA BS 90 Day ^b	P		6.50	250	90	
FIRSTSAVE Easy Access	I	6.26	6.26	100	0	
ICICI BANK UK HiSave Savings ^a	I/T	6.16	6.16	1	0	✓
MANCHESTER BS Premier Sixty	B/P		6.16	1,000	60	
ANGLO IRISH BANK 7-Day Notice	P/T	6.10	6.10	1	7	✓
ICESAVE Easy Access Savings ^b	I		6.05	250	0	✓
BRADFORD & BINGLEY Internet Saver 1 ^b	I		6.00	1,000	30	

Rates highlighted in red show the categories in which the accounts are Best Buys **Access** This shows the type of account: B=branch; I=Internet; P=post; T=telephone ^a Monthly interest only ^b Monthly interest option also available

CASH ISAs	ACCESS TYPE OF A/C	AER (%)	TERMS			CONSISTENCY BEST BUY FOR SIX MONTHS
			INITIAL DEPOSIT (£)	NOTICE (DAYS)	MONTHLY INTEREST	
ICESAVE Easy Access	I	6.10	1,000	0	✓	
SCARBOROUGH BS Notice	B/T	6.05	1,000	30	✓	
ABBEY Direct Issue 2	I/P/T	6.00 ^a	1	0		
DUNFERMLINE BS Guaranteed 30	B/P/T	6.00	1	30		
PRINCIPALITY e-Isa	I	6.00	1	0		✓
KENT RELIANCE BS Direct	P	5.76	1	0		✓
BRADFORD & BINGLEY e-Isa 3	I	5.65 ^b	1,000	0	✓	✓

Access This shows the type of account: B=branch; I=Internet; P=post; T=telephone ^a After 13 months rates revert to 5%, depending on account balance ^b 5.65% only above £10,000; 5.3% below that

OVER-50S SAVINGS	ACCESS TYPE OF ACCOUNT	£100 TO £5,000		CONDITIONS		
		£10,000	INITIAL DEPOSIT	MINIMUM AGE	INTEREST A/M	
SAGA Online Tracker Account	I	6.25	6.25	1	50	✓
COVENTRY BS 50+ eSaver 4	I	6.10 ^a	6.10 ^a	1	50	✓
KENT RELIANCE BS Direct 60+ Savings	P	5.65	5.65	1	60	
ABBEY 50+ Saver Issue 4	I/P/T	5.60 ^a	5.60 ^a	1	50	✓
MARKET HARBOROUGH BS onthetod 60+ Surfer	I	5.40	5.40	1	60	✓
LOUGHBOROUGH BS Postal Classic Plus ^b	P	5.25	5.25	100	50	✓
LEEDS BS Online Freedom 50	I	5.17	5.17	100	50	

Rates highlighted in red show the categories in which the accounts are Best Buys **Access** This shows the type of account: I=Internet; P=post; T=telephone ^a Rate includes 1.1% bonus payable for a year ^b 30-day notice account

CREDIT CARDS FOR BORROWING	APR (%)	TYPE OF BORROWER		
		OCCASIONAL PAYER	NEVER PAYER	HOLIDAY PAYER
BARCLAYCARD Simplicity Visa	6.8	✓	✓	✓
EGG MONEY MasterCard ^a	7.9 ^b	✓	✓	✓

^a Available online only ^b Rate depends on your credit score

All rates correct at 4 June 2008

Information based on data supplied by moneyfacts.co.uk

£73.5m

compensation for UK passengers
agreed by BA and Virgin Atlantic

COHEN, MILSTEIN, HAUSFELD & TOLL

Savings accounts

We have two online accounts offering the top rate this month. Birmingham Midshires' e-Saver account pays an impressive 6.5% from £1. Kaupthing Edge's savings account also pays 6.5% but on balances from £1,000. If you don't mind having to give notice to gain access to your money and operating your account by post, Chelsea Building Society's 90 Day account is your best bet. Like Bradford & Bingley and Icesave, it offers the option to pay interest monthly.

Anglo Irish Bank, Icesave and ICICI Bank have been Best Buys consistently for the past six months.

Cash Isas

It always makes sense to use up your tax-free allowance in a Best Buy Isa before putting money into a taxable savings account. We've included only Isas that allow transfers into the account.

Icesave's Easy Access Isa – an internet-only account that pays 6.1% – tops the table this month. If you don't mind tying your money up for a month or so and prefer to access your account by telephone, Scarborough's Isa paying 6.05% is a good bet.

Over-50s savings

There are almost 50 easy-access or notice accounts aimed at people aged 50 plus.

Top of the table is Saga's Online Tracker account, which pays 6.25% from £1 to those aged 50 and over. If you prefer to operate your account by post or telephone, Abbey's 50+ Saver account is your best bet. It pays 5.6%, which includes a bonus of 1.1% payable for a year.

Abbey, Coventry, Loughborough, Market Harborough and Saga let you choose whether to take interest monthly or annually.

Borrowing cards

Occasional payers pay one in every four bills in full, never payers never or rarely pay their bills in full, and holiday payers borrow for big purchases and pay the debt off over the year.

Your money

Your duty to declare

With £1 worth almost \$2, British holidaymakers to the US can pick up some real bargains. An 80GB iPod costs £159 here but only \$249 (£127) in the US – a saving of 20%. You can get similar discounts on Gucci shoes, Rolex watches and designer clothing.

But keen shoppers need to allow for tax and customs duty, which is payable on goods worth more than £145 from non-EU countries. The limit has stayed unchanged since 1994, although it is due to rise to €430 (£338 at current exchange rates) across Europe in December. Until then, if you have spent more than £145 on goods (in addition to your duty-free allowance of cigarettes, wine, spirits and perfume), you're expected to go through the red channel and pay duty and VAT.

The duty varies: on clothing it's 12%, watches 4.5%. Computers and mobile phones are duty-free but still incur VAT. You can check rates with HMRC on 0845 010 9000, or see www.hmrc.gov.uk for rates for the most common goods. It's worth checking how much you have to pay: a watch costing \$1,700 in the US and £1,025 here appears £158 cheaper, but with import duty and VAT would actually end up £40 more expensive. And, of course, it's important to check the compatibility of electrical items. See 'Cash in on shopping abroad', *Which?*, December 2007, p24, for more.



Annuity advice online

If you're about to retire, the Pensions Advisory Service (TPAS) has launched an online 'annuity planner'. This provides step-by-step guidance to annuities, including what you need to consider when choosing one and where to get professional help and information on current rates.

If you pay into a company or personal money-purchase pension scheme, you have to buy an annuity. TPAS suggests you can boost your retirement income by as much as 20% by shopping around rather than just taking what your pension provider offers. See www.pensionsadvisoryservice.org.uk for further details.

NEWS IN BRIEF

With-profits update...

■ The Financial Services Authority has proposed that insurance companies will no longer be able to use surpluses in their with-profits funds to pay compensation for mis-selling. We have campaigned for this for more than 10 years and strongly support this move.

...and goodbye to NU

■ Norwich Union, at the centre of a major dispute over with-profits funds (see *Which?*, February 2008, p77), is changing its name to Aviva. *Which?* will continue to press for policyholders to get a fair deal: see www.which.co.uk/withprofits for more.

Poor service costs

■ A report by the Office of Fair Trading estimates that poor goods and services cost consumers £6.6bn a year. The sector most complained about was insurance, with home maintenance second and personal banking third.

TAKE ACTION!

Long-haul passengers on BA or Virgin Atlantic between 11 August 2004 and 23 March 2006 can claim compensation for illegal price-fixing. See www.airpassengerrefund.co.uk for how to register your claim.

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

The July issue of *Which? Money* reveals the cheapest ways to borrow and picks the cheapest eco-friendly fuel deals. You can try two issues for just £2. Go to www.which.co.uk/moneytrial or call 01992 822800.

