

All change as top savings stars fade and rates plummet

## Interest rate cut hits savers

**S**avers have been counting the cost of recent interest rate cuts, with deposit accounts reducing the amount they pay.

Some have slashed rates in line with the Bank of England base rate, but others have been less drastic, with top accounts still offering a worthwhile return. Online accounts continue to pay the best rates, but you have to be fast to catch them.

As we went to press, Tesco cut the rate on its market-leading Internet Saver account from 6% AER (inc 1.5% first year bonus) to 3.6%. Accounts opened before

8 January 2009 will still be paid an annual bonus, but this is no longer the case for new applications.

As rates fall across the board, savers need to check that accounts they opened a year or more ago are still competitive. In February 2008, Sainsbury's Internet Saver was a Best Buy, paying 6%, but now offers just 2.25%.

In the present climate, those with money locked in to poor-performing accounts will suffer. For our most recent Best Buys, see [www.which.co.uk/bestsavingsaccounts](http://www.which.co.uk/bestsavingsaccounts).



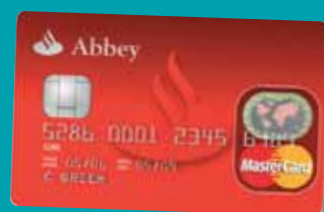
## Is it worth it?

### Abbey 'cashback for essentials' card

This recently launched credit card offers cashback when you shop at Asda, Morrisons, Tesco, Sainsbury's, Somerfield and Waitrose, and when you buy petrol from these supermarkets or Texaco, BP, Esso and Shell petrol stations.

It offers 3% cashback for the first six months (to a maximum of £75) and 0% balance transfers for nine months.

**Verdict:** The cashback rate is pretty good, though it doesn't match American Express's opening offer of 5% for the first three months. To get £75, you'd have to spend £2,500 (£416 each month, for the first



six months). However, look carefully at the card's APR. At 18.9% on purchases and 27.9% on cash advances, it could be expensive if you don't pay off the balance each month, and cancel out any cashback you earn. There are cheaper cards around for long-term borrowing, and longer 0% balance transfers too. For our latest Best Buy credit cards log on to [www.which.co.uk/creditcards](http://www.which.co.uk/creditcards).

## Intestacy limits rise

Surviving spouses will now get up to £450,000

This month sees the introduction of new intestacy limits in England and Wales. The amount of money that automatically goes to a surviving spouse is doubled from £125,000 to £250,000 if the deceased partner has children, and rises from £200,000 to £450,000 in cases where there are no children but surviving parents, brothers or sisters. These rules apply only in cases where the deceased has made no will.

Leaving a will ensures that your wishes are followed and removes any uncertainty over how your estate is to be divided.

For more details and advice on how to write a will, see [www.which.co.uk/wills](http://www.which.co.uk/wills).



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## Cash Isas that accept transfers

It makes sense to use your tax-free cash Isa allowance (£3,600 a year) before putting money into a taxable savings account.

There are eight Best Buy cash Isas this month, paying at least 3.1% interest. We've only included Isas that allow transfers into the account. Some of our Best Buys include bonuses, but only if the bonus is

payable for at least 12 months. Once the bonus period has ended, remember to switch if the account is no longer competitive.

Loughborough BS's 30 Day Notice Isa pays the top rate – 4.4% – and can be operated at a branch or by post.

The average interest rate paid on savings of £18,000 at the time of going to press was a modest 2.57%.

**Earn up to £725 more by saving £18,000 in a Best Buy Isa for a year**

■ If you had £18,000 in Loughborough BS's Best Buy Isa, you would earn £725 more than if the same amount was in a Halifax/ Bank of Scotland Don't Buy account, assuming rates stay the same.



| CASH ISAs: TRANSFERS IN            | ACCESS      | AER (%)           |                   |                   | TERMS               | CONSISTENCY            |
|------------------------------------|-------------|-------------------|-------------------|-------------------|---------------------|------------------------|
| BEST BUYS                          | TYPE OF A/C | UP TO £2,999      | £3,000 TO £5,999  | £18,000+          | INITIAL DEPOSIT (£) | BEST BUY FOR 12 MONTHS |
| LOUGHBOROUGH BS 30-day Notice      | B/P         | 4.40              | 4.40              | 4.40              | 10                  |                        |
| KENT RELIANCE BS Direct            | P           | 4.01              | 4.01              | 4.01              | 1                   | ✓                      |
| MANCHESTER BS Premier              | B/P         | 4.00 <sup>a</sup> | 4.00 <sup>a</sup> | 4.00 <sup>a</sup> | 1,000               |                        |
| SCOTTISH WIDOWS BANK E-cash Isa    | I           | 3.60 <sup>b</sup> | 3.60 <sup>b</sup> | 3.60 <sup>b</sup> | 10                  |                        |
| ALLIANCE & LEICESTER Easy Isa      | I/T         | 3.50 <sup>c</sup> | 3.50 <sup>c</sup> | 3.50 <sup>c</sup> | 1                   |                        |
| YORKSHIRE BS e-Isa                 | I           | 3.30              | 3.30              | 3.40              | 1                   | ✓                      |
| STAFFORD RAILWAY BS Cash Isa       | B/P         | 2.80              | 2.80              | 3.25              | 10                  |                        |
| PRINCIPALITY BS e-Isa              | I           | 3.10              | 3.10              | 3.10              | 1                   | ✓                      |
| AVERAGE RATE                       |             | 2.45              | 2.50              | 2.57              |                     |                        |
| DON'T BUYS                         |             |                   |                   |                   |                     |                        |
| HALIFAX/BANK OF SCOTLAND Isa Saver | B/I/P/T     | 0.10              | 0.15              | 0.37              | 1                   | n/a                    |
| ABBEY East Isa                     | B/I/P/T     | 0.56              | 0.56              | 1.50              | 1                   | n/a                    |

Rates highlighted in red show the categories in which the accounts are Best Buys. Rates highlighted in dark grey show the categories in which the accounts are Don't Buys.

Access This shows the type of account: B=branch; I=internet; P=post; T=telephone a Rate includes a 0.5% bonus payable to 31 January 2010 b Rate includes a 1.5% bonus payable for 12 months c Rate includes a 1.5% bonus payable to 15 February 2010



## Credit cards: 0% balance transfer without fee

Our Best Buys from Abbey, Northern and Ulster banks offer 0% for a limited period

(between five and six months) without charging a transfer fee.

These cards can save you money if you have built up some debt on a credit card, and need to transfer it to another card with a good 0% balance transfer deal to pay the debt off.

If you are unlikely to be able to pay off the balance within six months, other options are available. The Virgin Money MasterCard offers 0% on balance transfers for 16 months, but charges an uncapped transfer fee of 2.98%. Alternatively, the Barclaycard Platinum Long Term Balance Transfer Card offers balance transfers at a rate of 6.5% for the lifetime of the balance without charging a fee.

**Save £45 on transfer fees with a Best Buy**

■ If you transferred £1,500 to the widely held Lloyds TSB Platinum Mastercard, you'd pay a transfer fee of £45. If you transferred the same amount to the Best Buy Ulster Bank card you'd pay nothing, as there's no transfer fee.



| CREDIT CARDS: 0% BALANCE TRANSFER    | APR (%) | 0% PERIOD (MONTHS) | TRANSFER FEE    | DEAL STARTS | SATISFACTION % (CALCULATED JULY 08) |
|--------------------------------------|---------|--------------------|-----------------|-------------|-------------------------------------|
| ULSTER BANK (NI) Gold MasterCard     | 17.9    | 6                  | none            | Transfer    | Sample size too small               |
| ABBEY Zero MasterCard                | 18.9    | 6                  | none            | Issue       | 52                                  |
| NORTHERN BANK (NI) Visa <sup>a</sup> | 17.9    | 5                  | none            | Transfer    | Sample size too small               |
| AVERAGE RATE                         | 16.8    |                    |                 |             | 70                                  |
| WIDELY HELD CARDS                    |         |                    |                 |             |                                     |
| LLOYDS TSB Platinum Mastercard       | 15.9    | 3                  | 3.0% of balance | Transfer    | 60                                  |

For all cards in the table the exact rate depends on your credit score. a Available only in Northern Ireland or London, as you have to apply in branch



## Best credit cards for borrowing

We select our Best Buys for three types of borrowers:

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 off the debt over the year.

Barclaycard's Low Rate Platinum Card and Simplicity Visa and the Co-operative Bank Platinum Fixed Rate Visa are Best Buys in all categories. The Barclaycard OnePulse with

### HOW WE RATE CREDIT CARD CUSTOMER SATISFACTION

■ In July 2008 we surveyed 4,419 members of the Which? online panel about their card providers. The satisfaction rating combines overall member satisfaction and the likelihood of them recommending the lender.

Cashback Visa is only a Best Buy in one.

When calculating Best Buys, Which? is the only organisation to take account of the way cards charge interest, as well as the interest rate, to find the true cost of borrowing.

| CREDIT CARDS FOR BORROWING                                   | APR (%) | TYPE OF BORROWER |             |               | SATISFACTION % (JULY 08) |
|--|---------|------------------|-------------|---------------|--------------------------|
| BEST BUYS  |         | OCCASIONAL PAYER | NEVER PAYER | HOLIDAY PAYER |                          |
| <b>BARCLAYCARD</b> Simplicity Visa                           | 6.8     | ✓                | ✓           | ✓             | 61                       |
| <b>BARCLAYCARD</b> Low Rate Plat MCard/Visa                  | 8.8     | ✓                | ✓           | ✓             | 61                       |
| <b>CO-OPERATIVE BANK</b> Plat Fixed Rate Visa <sup>a,b</sup> | 9.9     | ✓                | ✓           | ✓             | 80                       |
| <b>BARCLAYCARD</b> OnePulse with C'back Visa <sup>c</sup>    | 14.9    | ✓                |             |               | 61                       |
| <b>AVERAGE RATE</b>  | 16.8    |                  |             |               | 70                       |
| WIDELY HELD CARDS  |         |                  |             |               |                          |
| <b>NATWEST</b> Classic MasterCard/Visa                       | 16.9    |                  |             |               | 65                       |
| <b>TESCO PERS'L FINANCE</b> Clubcard MCard                   | 16.9    |                  |             |               | 77                       |

For all cards in the table the exact rate depends on your credit score. <sup>a</sup> To apply you must be aged 25 or over <sup>b</sup> Rate is fixed for five years <sup>c</sup> Calculation includes cashback



## Unsecured personal loans

Unsecured personal loans are the cheapest way to borrow larger amounts.

Your Personal Loan.co.uk offers the best deals for borrowing £5,000 over three years and £10,000 over five years, charging 7.8%

interest in both cases. This is the only rate not dependent on your credit rating – but you do have to be a homeowner to be eligible.

Alternatively, an AA loan of £10,000 offers a competitive rate of 7.9% over five years, though your credit status may affect this.

| UNSECURED LOANS                       | APR (%)                 |                         | LOAN AMOUNT |             | CONDITIONS                      |                         |
|---------------------------------------|-------------------------|-------------------------|-------------|-------------|---------------------------------|-------------------------|
|                                       | £5,000 OVER THREE YEARS | £10,000 OVER FIVE YEARS | MINIMUM (£) | MAXIMUM (£) | RISK-BASED PRICING <sup>a</sup> | EARLY REPAYMENT PENALTY |
| BEST BUYS                             |                         |                         |             |             |                                 |                         |
| <b>YOUR PERSONAL LOAN<sup>b</sup></b> | 7.80                    | 7.80                    | 5,000       | 25,000      |                                 | ✓                       |
| <b>ALLIANCE AND LEICESTER</b>         | 8.90                    | 8.90                    | 1,000       | 20,000      | ✓                               | ✓                       |
| <b>AA<sup>c</sup></b>                 | 8.5                     | 7.9                     | 1,000       | 25,000      | ✓                               | ✓                       |
| <b>LOMBARD DIRECT</b>                 | 8.90                    | 8.30                    | 2,000       | 25,000      | ✓                               | ✓                       |
| <b>TESCO</b>                          | 8.90                    | 8.10                    | 3,000       | 25,000      | ✓                               | ✓                       |
| <b>ASDA</b>                           | 12.90                   | 8.20                    | 3,000       | 25,000      | ✓                               | ✓                       |
| <b>SAINSBURY'S</b>                    | 9.90                    | 8.20                    | 1,000       | 25,000      | ✓                               | ✓                       |
| <b>AVERAGE RATE</b>                   | 11.85                   | 9.54                    |             |             |                                 |                         |
| DON'T BUYS                            |                         |                         |             |             |                                 |                         |
| <b>BLACK HORSE</b>                    | 21.90                   | 10.90                   | 1,000       | 15,000      | ✓                               | ✓                       |
| <b>OCEAN MONEY</b>                    | 17.00                   | 15.20                   | 1,000       | 15,000      | ✓                               | ✓                       |

Rates highlighted in red show the categories in which the accounts are Best Buys. Rates highlighted in dark grey show the categories in which the accounts are Don't Buys. <sup>a</sup> ✓ means the rate you get will depend on your credit score <sup>b</sup> Available to homeowners only <sup>c</sup> Lower rate available to AA members

## Contacts

### CASH ISAs

#### Abbey

www.abbey.com

#### Alliance & Leicester

www.alliance-leicester.co.uk

#### Kent Reliance BS

www.krbs.co.uk

#### Loughborough BS

www.theloughborough.co.uk

#### Manchester BS

www.themanchester.co.uk

#### Principality BS

www.principality.co.uk

#### Scottish Widows Bank

www.scottishwidows.co.uk

#### Stafford Railway BS

www.srbs.co.uk

#### Yorkshire BS

www.ybs.co.uk

### CREDIT CARDS

#### Abbey

www.abbey.com

### Barclaycard

www.barclaycard.co.uk

### The Co-operative Bank

www.co-operativebank.co.uk

### Northern Bank

www.northernbank.co.uk

### Ulster Bank

www.ulsterbank.co.uk

### LOANS

AA www.theaa.com

### Alliance & Leicester

www.alliance-leicester.co.uk

### Asda

www.asdafinance.com

### Lombard Direct

www.lombarddirect.com

### Sainsbury's

www.sainsburysbank.co.uk

### Tesco

www.tesco.com

### Your Personal

Loan.co.uk  
www.yourpersonalloan.co.uk

## Which? online Money

This is just a sample of our online reviews of financial products, including bank accounts, mortgages, loans, credit cards and insurance. Our data is updated weekly – for the latest rates, see [www.which.co.uk/money](http://www.which.co.uk/money).

### Save £2,019 in interest with a Best Buy personal loan

■ If you borrowed £10,000 over five years from Best Buy Your Personal Loan.co.uk, it would cost you £2,019 less than you would pay for a Don't Buy loan from Ocean Money.

