

Be richer and happier with a Best Buy current account



Our Best Buys give high interest, low overdraft rates and great service. So if you're not already one of their very satisfied customers, switch

We're delighted to see that many of you are acting on our pleas to leave those banks that simply don't deserve your business. The numbers banking with the big four – Barclays, HSBC, Lloyds TSB and NatWest – are on the slide. In our 2000 annual current-accounts survey, 68 per cent banked with the big four. This year, this figure is down to 59 per cent.

Switching your current account to one of our Best Buys could save you money. For example, if you have a current account with First Trust in Northern Ireland and run a £500 overdraft for two weeks a month, you can save more than £200 a year by moving to one of our Best Buys. And if you stay in the black and keep, say, £2,500 in your current account, you could also be around £100 a year better off with Cahoot. Customers of our Best Buy banks are generally happy with their current accounts – which can't always be said for customers of other banks, especially in Northern Ireland.

Switching bank is generally easy. A whopping 76 per cent of those in our survey who made the leap to better banking found it easy, including 30 per cent who found it very easy. That's not to say that switching is completely hassle free – 44 per cent experienced some inconvenience. The biggest cause was standing orders and direct debits – 17 per cent thought their old bank took too long to pass instructions on to the new bank and 15 per cent missed a payment.

Changes to the Banking Code have helped minimise these problems. Your old bank must now pass details of direct debits and standing orders to the new one within three days of the new bank making the request. If anything goes wrong with the switch, banks must cancel any charges incurred because of mistakes or delays caused by them.

If you haven't yet got round to switching your current account, don't delay any longer. Use our guide on p33 to help you do so.

OUR RESEARCH

This May we sent postal questionnaires to 12,000 *Which?* members – 10,000 in Britain, 1,000 in Scotland and 1,000 in Northern Ireland. Another 2,000 *Which?* members with internet-only accounts were also invited to complete the survey online. In all we received 5,422 usable responses. Many thanks to all those who took part.

Current accounts	Account details			Authorised overdrafts			Overdraft
	Min monthly payment (£)	Interest on £1,000 (%)	Branch/internet/telephone service	Annual interest rate (%)	Interest-free limit (£)	No fees	Small (£)
BEST BUYS							
Alliance & Leicester Premier Current Account ^a	500	1.50	B/I/T	7.90 ^b	20	✓	1
Alliance & Leicester Premier Direct Current Account ^a	500	5.00 ^c	I/T	5.90 ^b	20	✓	1
Cahoot Current Account		3.90	I	11.80	250	✓	0
First Direct Bank Account	1,000 ^d	2.00	I/T	10.90			1
Intelligent Finance (IF) Current Account		2.50	I/T	9.80		✓	1
Nationwide BS FlexAccount	1,000	3.00	B/I	7.75		✓	1
Smile Current Account		3.30	I/T	9.90		✓	1
OTHER ACCOUNTS IN BRITAIN							
Abbey The Abbey Account (preferred in-credit)	1,000	2.50	B/I/T	16.90	50 ^e	✓	1
Abbey The Abbey Account (preferred overdraft)	1,000	0.10	B/I/T	9.90	50 ^e	✓	1
Bank of Ireland Freeway		0	B	14.59			26
Bank of Scotland Current Account	1,000	2.53	B/I/T	13.90		✓	1
Bank of Scotland Current Account		0.10	B/I/T	18.90		✓	1
Bank of Scotland Moneyback ^f	1,000	0.50	B/I/T	7.90		✓	1
Barclays Bank Account		0.10	B/I	15.60		✓	1
Barclays Platinum Banking		0.10	B/I	12.00	250	✓	0
Clydesdale Bank Current Account Plus		0.10	B	8.29			1
The Co-operative Bank Current Account		0	B/I/T	19.56	10		16
First Direct Cheque Account		0.10	I/T	19.90			1
Halifax Current Account	1,000	2.53	B/I/T	13.90		✓	1
Halifax Current Account		0.10	B/I/T	18.90		✓	1
Halifax Moneyback ^f	1,000	0.50	B/I/T	7.90		✓	1
HSBC Bank Account		0.10	B/I/T	14.80			1
Lloyds TSB Classic Account	500	0.10	B/I	18.20	10	✓	1
Lloyds TSB Classic Plus Account ^g	1,000	4.00 ^h	B/I	15.50	10	✓	1
NatWest Current Plus		0.10	B/I/T	17.69 ⁱ	100		0
One Account ^k		5.70	I/T	5.70			n/a
The Royal Bank of Scotland Interest Paying		0.10	B/T	15.85	100		0
Woolwich Current Account		0.10	B	15.60		✓	1
Woolwich Open Plan Current Account ^k		0.10	B/T	15.60	100	✓	0
Yorkshire Bank Current Account Plus		0.10	B	8.29			1
OTHER ACCOUNTS IN NORTHERN IRELAND							
Bank of Ireland (NI) Clear Account (Level 1) ^m	1,500	0	B	8.77			1
Bank of Ireland (NI) Clear Account (Level 2) ^m	500	0	B	13.10			104
Bank of Ireland (NI) Clear Account (level 3)		0.10	B	20.68			104
First Trust Bank Bonus Account ⁿ		0.10	B	13.50			81
First Trust Bank Current Account		0	B	16.50			107
Northern Bank Current Account Plus		0.10	B	10.37		✓	1
Northern Bank Principal Account		0.10	B	see ^p			31 ^q
Ulster Bank Current Account		0	B	see ^p			98

^a Includes benefits such as travel insurance ^b 12-month interest-free overdraft for new customers ^c Paid on credit balances up to £2,500 for new accounts until September 2006. The rate is 3.75 per cent for existing account holders ^d 2 per cent also available if credit balance of £1,000 is kept in account ^e Four-month interest-free overdraft for new customers ^f 1 per cent cashback on debit card purchases up to £10,000 a year ^g Only available if you bank online and log on at least three times a quarter ^h 3.75 per cent for new accounts and 0.10 per cent paid on portion of balance over £5,000 ⁱ Rate is tiered according to size of overdraft ^k Allows you to offset savings against your mortgage ^m Fee-free banking for one year on new accounts opened ⁿ £2 monthly account maintenance fee ^p Rates are individually determined ^q Cost excludes negotiable arrangement fee

Rates correct at 7 October

costs	Customer satisfaction	
	Overall	Internet
Large (£)		
18	○	●
13	○	●
13	○	○
24	☆	○
22	○	○
17	☆	○
22	★	★
33	●	●
20	●	●
109	●	●
30	●	●
40	●	●
18	●	●
34	●	●
13	●	●
18	●	●
56	○	○
42	☆	○
30	●	○
40	●	○
18	●	○
32	●	●
38	●	●
33	●	●
30	●	●
n/a	☆	○
27	●	●
34	●	●
27	●	●
18	●	●
214	●	●
223	●	●
239	●	●
163	●	●
237	●	●
23	●	●
117 ^a	●	●
202	●	●

BEST BANKS FOR SWITCHING

Our survey revealed that people who switch to First Direct are particularly likely to find the switching process very easy. By contrast, people switching to Intelligent Finance or Alliance & Leicester are less likely to find it easy. We didn't compare all banks for ease of switching because we didn't receive enough survey responses to do so. But we did find that, in some cases, your existing bank can be the spanner in the works. People switching from The Co-operative Bank, HSBC and Barclays are more likely than average to find it very easy. But for those moving from Clydesdale or Lloyds TSB, the opposite is true. Don't be discouraged, though – use our switching guide, right, to minimise problems.

CUSTOMER SATISFACTION

As the saying goes, there are few things you can rely on in life except for death and taxes. But internet bank Smile, it seems, can increasingly be relied upon for keeping customers happy. For the fifth year in a row, Smile gets top marks for overall customer satisfaction, with 91 per cent of its current-account holders saying they are very satisfied. First Direct, Nationwide and The One Account were rated next best by their customers.

USING THE TABLE

Our Best Buys (in red) offer a combination of good credit interest rates, overdraft rates and customer satisfaction. They are a Best Buy whether you're always in credit or whether you tend to run a small or large overdraft. Other British and Northern Ireland current accounts are shown for comparison. These are the current accounts for which we received sufficient responses in our survey.

Account details

Min monthly payment The minimum monthly amount you must pay in to receive the rates shown.

Interest on £1,000 The annual equivalent rate (AER) paid on a balance of between £1 and £1,000.

Branch/internet/telephone service The types of service the banks offer. Internet and telephone services are available 24 hours a day, 365 days a year. You can access real-time balances; check recent transactions; set up, amend and cancel

standing orders and direct debits; set up and pay bills and transfer money.

Authorised overdrafts

Annual interest rate The rate charged on authorised overdrafts. **Interest-free limit** The amount you can be overdrawn before paying interest. A blank means you pay interest as soon as you go overdrawn. **No fees** Accounts with a ✓ charge no fees other than interest on authorised overdrafts.

Overdraft costs

Small The annual cost of running a £100 authorised overdraft for one week per quarter. **Large** The annual cost of a £500 authorised overdraft for two weeks a month.

Customer satisfaction

Overall How satisfied customers were with the way banks handled all aspects of their account. **Internet** How customers rate the banks' online service. Where there is no rating, we had too few replies to analyse.

HOW TO SWITCH

>> Step 1

Pick one of our Best Buys from the table, opposite. Contact them (see p64 for details) and open a current account.

>> Step 2

Ask your new bank to contact your old bank for a list of your direct debits and standing orders. You'll need to confirm which payments you want moved. All you have to do then is arrange for your salary and other regular monthly payments to be paid into your new account.

>> Step 3

The transfer takes place. It can take several weeks to move all of your standing orders and direct debits so it's wise to keep some money in both accounts until the transfer is complete.

>> Step 4

Once all your regular payments have been switched, your new bank will ask the old bank to cancel obsolete direct debits and standing orders. Your new bank will then tell you when the switch is complete.

>> Step 5

All that remains now is for you to enjoy receiving better service, higher interest rates and lower charges from your new Best Buy bank or building society.

A grand 76 per cent of people in our survey found switching easy. We asked about their experiences – good and bad. Here are just a few of the replies.

'Overall less trouble than I expected. I get a much better service from the new bank, at lower cost and receive more interest.'

Dr Michael Rhodes, Market Rasen, Lincolnshire.

'Following the advice set out in the Switch with Which? website, the move was effected without a single error.'

P Sheppard, Sowerby Bridge, West Yorkshire

'Not as painful as I expected.'

Dr Peter Howarth, Aberdeen

'It is a doddle. The Switch with Which? advice is very helpful. I ran both accounts in tandem for three months until I was certain the new one ran smoothly.'

Mrs Lester, Exeter

'An absolute nightmare despite our own efforts to make the process easier.'

Jonna, North Shields, Tyneside

The One Account is an all-in-one account which combines your mortgage, current account and savings. See 'Should you offset?', *Which?*, July 2005, p32 for more on this type of account.

At the other end of the scale, only 22 per cent of First Trust customers and 24 per cent of Clydesdale customers are very satisfied. As we've found in past surveys, customers of NatWest, Lloyds TSB and Barclays were less happy with their accounts. HSBC was rated slightly better by its customers this year but not by enough to qualify as a Best Buy.

Satisfaction with internet services

Over 40 per cent of readers in our survey now use the internet to access their account – but only 2 per cent use Cahoot, Intelligent Finance or Smile, which

all specialise in online banking. If you particularly like doing your banking online, it's well worth giving Smile a try, as it stands head and shoulders above the rest for satisfaction with its internet service – a massive 93 per cent of users were very satisfied with it. Cahoot and Intelligent Finance achieve average ratings for satisfaction with their internet services – but that still means almost 80 per cent are very satisfied. All these banks offer competitive rates. Unfortunately, we didn't receive enough responses from customers of the One Account to report on its internet service but, overall, customers seem happy with the current account. Bank of Scotland, however, gets the lowest scores for its internet service, but even so almost half (47 per cent) of its customers are very happy.

BEST BUYS

All our Best Buy current accounts offer good interest rates and get at least an average rating for customer satisfaction. They all offer free banking if you're in credit and real-time access to your balance.

Our Best Buys give at least 2 per cent interest on balances of £1 and above. You'll pay only £1 a year or less if you're overdrawn by £100 for one week each quarter and £24 a year or less if you run a £500 overdraft for two weeks every month.

So which account is best for you? The answer depends on how you prefer to do your banking – by visiting a branch, by telephone or

online. The table, right, highlights which banks are best for each of these methods of banking.

Halifax/Bank of Scotland's Moneyback account isn't a Best Buy, because both banks score below average for customer satisfaction. However, if you pay in at least £1,000 a month, it's worth considering this current account because of its debit card cashback feature. This pays 1 per cent cashback on up to £10,000 of spending made with the card a year. So, if you rack up £5,000 a year, you'll receive £50 cashback. You'd need a high credit balance to get that sort of interest with other accounts.

Best Buys

BRANCH	Reason why
Alliance & Leicester (Premier)	Reasonable customer satisfaction and interest rates make this account worthwhile
Nationwide BS	Good customer satisfaction and interest rates. A favourite for branch banking
PHONE	
First Direct	This bank's excellent telephone service coupled with a reasonable interest rate make it a good call
INTERNET	
Cahoot	Good value if you run a large overdraft, high credit interest and a generous interest-free limit
Intelligent Finance	A good all-round current account with reasonable rates and customer satisfaction
Smile	Consistently excellent customer satisfaction and good rates make it a good bet for internet banking

Who owns your bank?

It's hard to keep up with takeovers, mergers and new brands so here's a quick guide to who owns whom.

Allied Irish Bank owns First Trust

Banco Santander owns Abbey and Cahoot

Barclays owns Woolwich

The Co-operative Bank owns Smile

Danske Bank owns Northern Bank

Halifax/Bank of Scotland (HBOS) owns Bank of Scotland, Halifax and Intelligent Finance

HSBC owns First Direct

National Australia Bank owns Clydesdale and Yorkshire Bank

The Royal Bank of Scotland owns Nat-west, One Account and Ulster Bank

Northern Ireland banks

Keeping customers happy is not something the Northern Ireland banks seem concerned about. Credit interest rates with the four main banks (Bank of Ireland, First Trust, Northern Bank and Ulster Bank) range from very low to non-existent. But worse awaits you if you go overdrawn. In most cases you'll be charged for the normal running of your current account, with transaction charges for every payment you make by cheque and direct debit. Overdraft fees are

typically levied for a quarter – so even if you're overdrawn for only a day, you'll receive charges for the cost of being overdrawn for three months.

Not surprisingly, our survey showed that the customers of the four main Northern Ireland banks aren't happy – only 27 per cent were very satisfied compared with an overall average of 50 per cent.

The type and size of charges made by all the Northern Ireland banks are strikingly similar, leaving customers little to choose

between them. We've made a 'supercomplaint' to the Office of Fair Trading about the Northern Ireland current account market. This has now been referred to the Competition Commission. We're already having success. Ulster Bank is planning to remove transaction charges from mid-November.

If you're a Northern Ireland bank customer, don't put up with their shoddy accounts any longer. All our Best Buys are available in Northern Ireland.