



Money monitor

Best Buys plus
what's in
the news

IS IT WORTH IT?

25-year fixed-rate mortgages

Long-term, fixed-rate mortgages bring stability to the housing market, according to Prime Minister Gordon Brown. As we went to press, five financial firms were offering 25-year fixed-rate mortgage deals: Kent Reliance (5.98 per cent), Manchester BS (5.99 per cent), Cheshire BS (6.14 per cent) and Halifax and Nationwide (6.39 per cent).

Most also charge an early repayment penalty of 3 per cent of the outstanding loan. Halifax and Nationwide charge this in the first ten years, Cheshire BS for the first 20 years, while Kent Reliance charges at any point short of the full term. Manchester BS doesn't have an early repayment penalty, but there is an arrangement fee of £895 (Cheshire BS also charges £899). **VERDICT** Fixing brings reassurance about your payments, but 25 years is a gamble: long-term rates are notoriously difficult to predict, and you could end up losing out. Ending the deal early could cost you dear.



Contacts

Anglo Irish Bank
0845 455 2222; www.angloirishbank.co.uk
Chelsea BS
0800 121 8822
www.thechelsea.co.uk
Chorley & District BS
01257 279373
www.chorleybs.co.uk
Clydesdale Bank
0800 445265;
www.cbonline.co.uk
Halifax 0845 726 3646
www.halifax.co.uk
Icesave
www.icesave.co.uk
Kent Reliance BS
0845 122 0022
www.krbs.co.uk
Market Harborough BS
www.mhbsonthedot.com

Monmouthshire BS
01633 844402
www.monbs.com
National Counties BS
01372 747771
www.ncbs.co.uk
Nationwide BS
0800 302010
www.nationwide.co.uk
Saffron BS
0800 072 1100
www.saffronbs.co.uk
Sainsbury's Bank www.sainsburysbank.co.uk
Shephed BS
01509 822000
www.theshephed.co.uk
Skipton BS 0845 717 1777; www.skipton.co.uk
Yorkshire Bank
0113 247 2000
www.ybonline.co.uk
Yorkshire BS 0845 120 0100; www.ybs.co.uk

MINI CASH ISAs	ACCESS	AER (%)			TERMS	CONSISTENCY
	TYPE OF A/C	UP TO £2,999	£3,000-£5,999	£18,000	INITIAL DEPOSIT (£)	BEST BUY FOR 6 MONTHS
KENT RELIANCE BS Direct	P	6.21	6.21	6.21	1	✓
YORKSHIRE BS e-Isa	I	6.05	6.05	6.05	10	✓
CLYDESDALE BANK	B/T	5.05	5.25	6.05	10	✓
YORKSHIRE BANK	B/T	4.40	5.25	6.05	1	✓
NATIONAL COUNTIES BS 2nd Issue	B/P/T	6.01	6.01	6.01	1	

Rates highlighted in red show the categories in which the accounts are Best Buys
Access Type of account offered: B=branch; I=internet; P=post-al; T=telephone

SAVINGS ACCOUNTS	ACCESS	AER (%)		CONDITIONS		CONSISTENCY
	TYPE OF A/C	£100	£1,000 TO £5,000	INITIAL DEPOSIT (£)	NOTICE (DAYS)	BEST BUY FOR 6 MONTHS
CHELSEA BS Call Direct 30 2nd Issue ^a	P/T	n/a	6.40	250	30	
SAINSBURY'S BANK Internet Saver	I	6.25	6.25	1		✓
ICESAVE Easy Access ^a	I	n/a	6.20	250		✓
ANGLO IRISH BANK 7-Day Notice	P/T	6.15	6.15	1	7	✓
MARKET HARBORO' BS onthetod 30 ^a	I	6.15	6.15	1	30	

Access Type of account offered: I=internet; P=post-al; T=telephone ^a Interest can be paid monthly

CHILDREN'S ACCOUNTS	ACCESS	AER (%)	A/C DETAILS		CONSISTENCY
	TYPE OF A/C	£10+	MAX AGE	FREE GIFT	BEST BUY FOR 6 MONTHS
CHELSEA BS Ready Steady Save	B	6.20	15		✓
YORKSHIRE BS One Day ^a	B/P	6.15	20		✓
HALIFAX/BANK OF SCOTLAND Save4it	B/P	6.05	15	✓ ^b	✓
NATIONWIDE BS Smart ^a	B/I ^c	6.04	17	✓ ^d	✓
SAFFRON BS Ladybird	B/P	6.00	15	✓ ^e	✓
MONMOUTHSHIRE BS Young Savers	B/P	5.95	17	✓ ^f	

Access Type of account offered: B=branch; I=internet; P=post-al ^a Interest paid twice a year ^b Coin bank and calculator
^c Internet banking for over-11s only ^d Welcome pack ^e Moneybox ^f Contact local branch for details

CHILD TRUST FUNDS	ACCESS	AER (%)	CONDITIONS	
	TYPE OF A/C	£250 TO £1,450	MINIMUM ADDITION (£)	TRANSFERS IN
SHEPshed BS	B/P	7.25	1	✓
SKIPTON BS	B/P	7.00	10	✓
CHORLEY & DISTRICT BS	B/P	6.85	none	✓
YORKSHIRE BS	B/P	6.60 ^a	none	✓

Access Type of account offered: B=branch; P=post-al ^a Rate excludes 0.7 per cent bonus payable for 12 months

All rates correct at 8 August 2007

Information based on data supplied by moneyfacts.co.uk

If you've got ideas or views on anything financial, we'd love to hear from you. Please get in touch with us at moneynews@which.co.uk

£4.7 billion

charged by banks each year for
unauthorised overdrafts

WHICH? RESEARCH

Mini cash Isas

It always makes sense to use up your tax-free allowance (currently £3,000 a year; £3,600 from next April) in a Best Buy Isa before putting money into a savings account. Top this month is Kent Reliance Building Society's Direct account, which pays 6.21 per cent and is operated by post.

We've included only Isas that allow transfers into the account. If you're starting an Isa from scratch, the National Savings & Investments Direct Isa currently pays 6.3 per cent.

Savings accounts

The top rate this month comes from Chelsea Building Society: its 30-day notice account pays an impressive 6.4 per cent from £250. Sainsbury's Internet Saver account requires no notice, pays 6.25 per cent from £1 and has been a Best Buy consistently for the past six months. Chelsea BS, Icesave and Market Harborough BS give you the option to receive interest monthly.

Children's accounts

All our Best Buys are instant access accounts, so you can deposit and withdraw money at any time. Chelsea Building Society's Ready Steady Save account and Yorkshire Building Society's One Day account pay the best rates (6.20 per cent and 6.15 per cent respectively from any amount). Chelsea, Yorkshire, Halifax/Bank of Scotland, Nationwide BS and Saffron BS have been Best Buys consistently for the past six months. Some of our Best Buys also offer gifts as an incentive.

Child trust funds

A cash child trust fund is just like a savings account except the interest is tax-free and children can't get at the money until they are 18. Our Best Buy cash account from Sheshed Building Society currently pays 7.25 per cent and is available at a branch or by post. Hanley Economic Building Society offers an impressive 7.3 per cent, but it's available only to people living locally.

Your money

Unfair charges: 1...



The Office of Fair Trading is bringing a test case against Britain's major banks to settle the long-running dispute over unfair overdraft charges.

Which? has been campaigning against these charges since April 2006. More than 400,000 copies of our template letters have been downloaded and tens of thousands of people have successfully claimed

more than £399 million in refunds through the Financial Ombudsman Service and county courts.

According to Principal Ombudsman Tony Boorman (above): 'It's in the interests of everyone involved that the High Court test case should settle the legal uncertainties relating to the level, fairness and lawfulness of unauthorised overdraft charges.'

However, the case is not expected to come to court until early next year, and the Financial Services Authority (FSA) has agreed that banks can put complaints on hold till then. So payouts will stop for now, unless they have previously been agreed. But you should still complain about excessive charges, as new complaints must be noted by your bank and acknowledged within five days.

...and unfair charges: 2

Many banks and building societies, including Halifax/Bank of Scotland, NatWest, Cheltenham & Gloucester, Standard Life Bank and Northern Rock, have now dropped mortgage exit fees for new customers. Earlier this year the FSA told mortgage lenders to stop charging existing customers far more than originally agreed ('Exit fees slammed', *Which?*, March 2007, p37).

Anyone who has been charged too much can claim a refund. Our online guide at www.which.co.uk/mortgage-exit-fees gives advice on how to proceed, together with downloadable letters.

NEWS IN BRIEF

PPI clampdown

■ Companies selling financial products online are to stop adding payment protection insurance (PPI) automatically, after pressure from the Financial Services Authority. *Which?* Money exposed how widespread this practice was earlier in the year. From now on customers must actively choose to have PPI added to any quote they receive.

Credit unions

■ Proposed Treasury reforms would allow around 400 UK credit unions, which have a combined membership of 426,000, to pay a more competitive rate of interest and compete more keenly with mainstream banks.

Abbey perks

■ Abbey shareholders received news of a welcome perk recently, when the company's Spanish parent celebrated its 150th anniversary. They can get discounts on six bottles of vintage Rioja, a health screening, an MP3 player or a DVD camcorder.

TAKE ACTION!

If you submit a paper tax return, the deadline for getting HMRC to calculate your tax bill is 30 September.

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 September issue is packed with a range of money-saving ideas, from avoiding credit card charges to switching your cash Isa.

Try two issues of *Which? Money* for just £2. Call now on 01992 822800.

