



Money monitor

Best Buys plus
what's in
the news

IS IT WORTH IT?

Pass on your mortgage

In August, Kent Reliance Building Society launched an 'intergenerational' mortgage that you can pass on to your beneficiaries when you die. It's available for up to 75 per cent of the property's value.

Irrespective of the mortgage term, Kent Reliance reviews your financial position every five years and gives you the option of extending the mortgage for another five, which you can do indefinitely.

When you die, as long as the property is not held on a joint



tenancy, your beneficiaries will be offered a mortgage on the same terms (subject to status). They can then choose whether to pay it off by selling the property or carry on with it.

VERDICT This allows you to have an interest-only mortgage for your lifetime and never pay off the loan. It could be useful for reducing inheritance tax but encourages you to remain in debt and increases the amount of interest you pay.

Contacts

Anglo Irish Bank 0845 455 2222; www.angloirishbank.co.uk
Bath BS 01225 423271 www.bibbs.co.uk
Bradford & Bingley www.bradfordandbingley.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
Ipswich BS 0845 230

8686; www.ipswich-bs.co.uk
Kent Reliance BS 0845 122 0022 www.krbs.co.uk
Leek United BS 0800 093 0002 www.leek-united.co.uk
National Savings www.nsandi.com
Nationwide BS 0800 302010 www.nationwide.co.uk
Saffron BS 0800 072 1100; www.swhebs.co.uk
Scarborough BS 0845 056 0840; www.scarboroughbs.co.uk
Yorkshire BS 0845 120 0100; www.ybs.co.uk

MINI CASH ISAs	ACCESS TYPE OF A/C	AER (%)			INITIAL DEP (£)	CONSISTENCY BEST BUY FOR 6 MONTHS
		UP TO £2,999	£3,000- £5,999	£18,000		
KENT RELIANCE BS Direct	P	5.21	5.21	5.21	1	✓
CLYDESDALE BANK	B	4.15 ^a	4.40	5.20	10	✓
BRADFORD & BINGLEY eSavings	I	5.15	5.15	5.15	1,000	✓
YORKSHIRE BS e-Isa	I	5.15	5.15	5.15	10	✓

Rates highlighted in red show the categories in which the accounts are Best Buys a 3.75 per cent up to £999

Access Type of banking offered: B=branch; I=internet; P=postal

CHILDREN'S ACCOUNTS	ACCESS TYPE OF A/C	AER (%) £10+	A/C DETAILS		CONSISTENCY BEST BUY FOR 6 MONTHS
			MAX AGE	FREE GIFT	
YORKSHIRE BS One Day	B/P	5.15	20		✓
CHELSEA BS Ready Steady Save	B	5.10	15		✓
SAFFRON BS Ladybird	B/P	5.10	16	✓ ^a	✓
HALIFAX/BANK OF SCOTLAND Save4it	B/P	5.05	16	✓ ^b	✓
NATIONWIDE BS Smart	B/I	5.01	17	✓ ^c	

Access Type of banking offered: B=branch; I=internet; P=postal

a Moneybox b Coin bank, calculator and wallet c Welcome pack

SAVINGS ACCOUNTS	ACCESS TYPE OF A/C	AER (%)		CONDITIONS		CONSISTENCY BEST BUY FOR 6 MONTHS
		£1,000	£5,000	INITIAL DEPOSIT (£)	NOTICE (DAYS)	
CHELSEA BS Double Guarantee	B/P	5.25	5.25	250	80	
ICESAVE Easy Access	I	5.20	5.20	250		
ANGLO IRISH BANK 7-Day Notice	P/T	5.10	5.10	500	7	✓
BRADFORD & BINGLEY eSavings 2	I	5.10	5.10	1,000		✓

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; T=telephone

REGULAR SAVINGS	AER (%)	MONTH DEP		CONDITIONS		CONSISTENCY
	£100+	MIN (£)	MAX (£)	TERM (MTH)	WITHDRAWAL W/O PENALTY	BEST BUY FOR 6 MONTHS
VARIABLE INTEREST RATE						
IPSWICH BS	8.25	90	250	12	0	
YORKSHIRE BS	6.50	10	500	11	1	
BATH BS	6.00	20	250	12	1	✓
SCARBOROUGH BS	6.00	10	250 ^a	10	1	✓
FIXED INTEREST RATE						
HALIFAX	7.00	25	250	12		✓
LEEK UNITED BS	6.00	10	250	12		✓

a You can make several payments a month as long as the total is within the monthly deposit limit

20% of PPI revenue
is paid out in claims (compared with
82% for car insurance)

OFFICE OF FAIR TRADING

Mini cash Isas

It always makes sense to use up your tax-free allowance (£3,000 a year) in a Best Buy Isa before putting money into a savings account.

We've included only Isas that allow transfers into the account. If you don't have any money to transfer, a National Savings Direct Isa pays 5.30 per cent on balances up to £3,000, with an initial minimum deposit of £1,000.

Children's accounts

All our Best Buys are instant access accounts, so you can make deposits or withdrawals at any time. Yorkshire Building Society's One Day account has been a Best Buy consistently for the last six months.

If you want a child trust fund, our Best Buy cash accounts are Yorkshire Building Society, which pays 6.25 per cent (reverting to 5.55 per cent after a year), Chorley & District Building Society at 5.5 per cent and Ipswich Building Society at 5.4 per cent.

Savings accounts

To get the best rate this month, you need to be willing to tie up your money for a while, as Chelsea Building Society requires 80 days' notice to get at your money. If you prefer instant access, Icesave is offering a very respectable 5.2 per cent and is operated online. Anglo Irish Bank and Bradford & Bingley both pay 5.10 per cent and have been Best Buys for the past six months.

Regular savings

If you can save a bit every month, regular savings accounts are a good option. The top rate comes from Ipswich Building Society, which pays 8.25 per cent if you can save between £90 and £250 a month.

If flexibility's not important and you want the certainty of a fixed rate, look no further than Halifax. Some banks may have good deals for existing customers. Alliance & Leicester current-account holders, for example, could open a regular savings account paying an impressive 12 per cent.

Your money

Unhappy Christmas



The collapse of hamper company Farepak in October has ruined Christmas for thousands of families. Eloise Johnson (above) from Redditch lost £315 she had paid towards shopping vouchers since February. As an agent, she also had three customers; the total loss for all four was £944. Eloise had planned to use the vouchers to buy Christmas presents for her two children; now she won't be able to buy any for the adults in her family. She said: 'I feel really bad, as I recommended Farepak to three new people this year.'

Unlike bank accounts, schemes like this, including those offered by supermarkets, aren't covered by the Financial Services Authority. If your order was more than £100 and you were paying by credit card you can claim your money back from your card company. Similarly, contact your bank if you paid with a Visa debit card. As we went to press, the charity Family Fund had set up the Farepak Response Fund to provide goodwill vouchers to those affected through agents.

For Christmas saving it's better to pay into one of our Best Buy mini cash Isas or savings accounts every month and receive interest.

Creditable move to share information

The government is consulting on how banks, loan and credit card companies and mortgage lenders can share more information about people's credit histories with credit reference agencies. Lenders look at information about people's existing commitments when deciding whether to lend, so if information is missing it's difficult for them to lend responsibly. There are about 40 million accounts (out of 350 million) where lenders don't have permission to share this information. We will respond to the consultation next month.

NEWS IN BRIEF

Check your adviser

■ A financial adviser who conned his clients out of more than £2 million to pay for his gambling addiction has been jailed for nine years. Philip Smith of Bowdon, Cheshire, had been unregulated since 1997. See www.fsa.gov.uk/pages/register to check out your adviser.

Stop carpetbaggers

■ Dudley, Scottish and Shephed Building Societies have increased the minimum investment in most savings accounts to £1,000 unless you live in certain areas. This is to reduce the number of people opening accounts in the hope of getting a windfall if the society is taken over or stops being a mutual.

Avoid PPI

■ The Financial Services Authority and Office of Fair Trading have both published damning reports about payment protection insurance (PPI). PPI is meant to protect you if you are unable to work, but it is often pricey, unsuitable and aggressively sold.

TAKE ACTION!

When Christmas shopping, don't be tempted by discounts for taking out a store card unless you can pay the bill in full and avoid the high interest rates.

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.

MEMBER BENEFIT

Free website access

Our members-only website contains more information on financial subjects and Best Buys. Visit www.which.co.uk/money to see for yourself. To log onto the site you'll need your username and password. If you haven't logged in before, see www.which.co.uk/loginhelp for a step-by-step guide.