

Northern Rock reveals savers are losing out on £1 billion in ISA interest

Submitted by: pr-sending-enterprises

Wednesday, 20 April 2011

Northern Rock has revealed that UK ISA savers are missing out on around £1 billion of interest each year that they could be earning if they shopped around.

Cash ISAs or Individual Savings Accounts (<http://www.northernrock.co.uk/savings/>) are designed to allow consumers aged 16 and over to take advantage of tax-free* interest. Northern Rock's research into instant-access ISA products available in the UK, demonstrates that over 69% of Cash ISA balances earn interest at less than 1.00% pa - which amounts to £60 billion in balances.

The market intelligence on products available up to January this year has shown that if all the instant-access ISA consumers currently earning less than 1.00% pa were to switch their tax-free* savings to a variable rate Cash ISA paying at least 2.65% pa, they would receive additional interest over a year of around £1 billion**, before any conditional bonuses.

Northern Rock's Easy ISA***, which was launched to welcome in the new tax year, when the individual tax-free* Cash ISA (<http://www.northernrock.co.uk/savings/Find/Results/ISAs/>) subscription limit increased to £5,340 for the 2011/12 tax year, pays 2.65% pa variable, and can be operated either by post or in branch. Or for those who prefer to operate their account online, e-ISA*** pays 2.80% pa variable. Northern Rock's new Cash ISA (<http://www.northernrock.co.uk/savings/Find/Results/ISAs/>) range does not have any introductory bonus rates attached and allows incoming transfers of existing ISA subscriptions from other providers.

Andy Tate, customer and commercial director at Northern Rock said: "This research highlights the higher returns ISA savers can earn if they are prepared to shop around.

"When looking at where to save for the new ISA year, it is important that customers also consider whether their previous years' tax-free* savings are in the best ISAs for their needs and, if not, they can move it to a better account.

"All of Northern Rock's Cash ISAs accept transfers in from other ISA providers and previous year's subscriptions. We have also designed our ISA range to be as simple and straightforward as possible. That means there are no short-term introductory bonuses, and customers don't need to have other types of accounts with us either.

"We hope this research will point people to the fact that Northern Rock provides a competitive choice of tax-free options to make their money work harder for them, whatever they are saving for."

About Northern Rock:

Northern Rock plc is a retail savings and residential mortgage bank, authorised by the FSA as a deposit taker and mortgage lender from 1 January 2010. It holds and services around £16 billion of savings balances and £12 billion of mortgage accounts. It offers new savings and mortgage products.

The Northern Rock site includes a range of interactive tools - such as a jargon buster, a mortgage calculator (<http://www.northernrock.co.uk/Mortgages/Find>) and a budget planner - to help take the complexity out of selecting the right savings product to meet individual circumstances, and a product calculator for each of Northern Rock's products, including its Cash ISAs, to help work out the estimated return on investment.

Notes to Editors:

*The tax-free rate is the contractual rate of interest payable where interest is exempt from income tax.

** If all the consumers whose ISAs pay less than 1.00% pa variable switched to Northern Rock's Easy ISA at 2.65%, altogether they would receive a minimum additional interest income over a year of £999 million. This is based on ISA Instant Access stock and interest rate data from CACI's Current Account & Savings Database taken at 31 January 2010.

*** Easy ISA issue 2.

PR Contact:

Jule Wilson

Northern Rock House

Gosforth

Newcastle upon Tyne

NE3 4PL

0191 279 4676

www.northernrock.co.uk