

By **Sylvia Morris**

SAVERS lose hundreds of pounds every year by leaving their money in the wrong account. The worst pay just £4 interest a year after tax on every £10,000.

But you could boost this to £232 by switching to a top account and still have easy access to your money.

January is the ideal time to move your money. Many of the best accounts are boosted by bonus interest that lasts for a year. These bonuses can be as large as 2.5pc, but once they drop off you are back to earning a pittance.

If you make it a New Year's resolution to move your savings every January, then you can avoid the pitfalls of forgetting when the bonus ends and you won't be caught in a low-paying account.

First, use your cash Isa allowance. Isas pay tax-free interest, whereas other accounts have 20pc tax deducted.

It is a common mistake to believe cash Isas lock your money away. In fact, most give you easy access, which is why they should be the first port of call for your savings. You can put in £5,100 this tax year, which ends on April 5.

The best Isas

THE best deal for new money is Santander Flexible Isa 3, paying 2.85pc, which is available in the High Street or over the telephone. But you cannot transfer money to this account from other Isas.

The best deals that take new money or transfers are:

Halifax Isa Direct Reward, an internet and phone-based account that pays 2.8pc for the first year. The bank promises to pay this from the day it receives your application.

Cheltenham & Gloucester Cash Isa, a High Street account paying 2.7pc including a 12-month bonus. Without the bonus it pays 1pc.

Once you've used your cash Isa allowance, then you'll need to find a taxable savings account that offers a good interest rate.

A good savings account

TOP deals include the Post Office's internet-based Online Saver at 2.32pc (2.9pc). Those who have been in the account more than a year can earn 1.32pc (1.6pc).

Also available online are Norwich & Peterborough E-Saver 4, paying 2.24pc (2.8pc) and AA Internet Extra, 2.08pc (2.6pc). All include a one-year bonus. If you prefer a phone-based account, ING Direct pays 2.16pc

THE ACCOUNTS TO DUMP

TAXED ACCOUNTS

THESE accounts pay 80p interest or less a year after tax on each £1,000 of savings:

BARCLAYS:

30-Day Savings, 60 Day Savings, Active Savings, Bonus Saver, Day to Day Savings, Easy Saver, e-Savings, Flexible Savings, Instant Cash, Postal Savings, Savings Builder, Savings Reserve, Tracker Savings.

BRITANNIA:

Flexible Savings.

C&G:

90-Day Account, Branch 10, Direct 30, Direct Transfer, Instant Transfer, Investment Account, London Account, Tracker, Young Investor.

HALIFAX:

60-Day Gold, Extra Income Saver, Instant Saver, Liquid Gold, Saver Reward, Web Saver.

HSBC:

Flexible Saver, Instant Access Savings, Premier Savings.

LLOYDS TSB:

90-Day Notice, Easy Saver, E-savings, Exclusive Saver, Flexible Savings, Instant Access Saver, Instant Gold Savings, Internet Saver, Online Saver, No Notice Saver, Regular Savings, Reward Saver.

NATIONWIDE:

Bonus Saver, CashBuilder, Instant Access.

NATWEST:

Diamond Reserve, First Reserve, Savings Direct, Telephone Saver PLUS.

RBS:

30-Day Savings, 60-Day Savings, Gold Deposit, Instant Access Savings, Postal Plus, Savings Account, Telephone Saver.

SANTANDER:

Branch Saver, ESaver, Flexible Saver, Flexible Passbook Saver, Instant Saver, Instant Access, Postal Account, Postal Notice, 50 Plus Saver.

CASH ISAS

THESE pay £1 a year interest or less on each £1,000 savings.

BARCLAYS:

Cash Isa.

C&G:

Cash Isa (taken out before March 8, 2010).

HALIFAX:

Isa Saver.

RBS:

60-Day Isa.

SANTANDER:

Easy Isa, Instant Access Isa, Postal Isa 1 and 2, Remote Isa.

(2.7pc) fixed for a year, while BM Telephone Extra 3 pays 2.08pc (2.6pc), including a bonus of 2.1 percentage points before tax or 1.68 points after tax.

In the High Street, Northern Rock Branch Saver 3 offers 1.52pc (1.9pc) and there is no bonus to worry about. Santander Instant Access Saver 3 pays 2pc (2.5pc) including a one-year bonus. Halifax pays 1.6pc (2pc) to new savers, but as little as 0.08pc (0.1pc) to those who have stuck with it.

Last year, there were no fewer than 63 variable-rate cash Isas launched, says data analyst Defaqto. There were also 50-plus new variable-rate taxable accounts. They pay for these launches by giving derisory rates to the mugs who stay put.

Consumer champion Which? says almost nine out of ten accounts available six years ago pay 0.4pc (0.5pc) at best, but with a shocking three in five it's 0.08pc (0.1pc) or less.

Beware of pitfalls

SOME banks give you warning of the impending fall when the bonus drops off, but others don't. Nor do they have to print the rate you earn on your annual statement.

From early next year, they will have to spell out the rate on your cash Isa statement — but not on taxable savings accounts.

Peter Vicary-Smith, Which? chief executive, says: 'Banks are depriving British savers of £12 billion a year by keeping us in the dark about the pitiful interest paid on hundreds of savings accounts. People can add hundreds of pounds a year to their savings by moving their money.'

Kevin Mountford, head of savings at Moneysupermarket.com, adds: 'When the rates drop off, banks hope you don't notice. The use of bonuses to boost the initial rate is much more widespread.'

Find out more top rates at www.thisismoney.co.uk/save
sy.morris@dailyemail.co.uk