

# Economic crisis hits bond rates

RATES on fixed-rate bonds have dropped following economic concerns about the U.S. and Europe. The financial markets where banks and building societies go to fund their fixed-rate bonds have fallen dramatically, with three-year deals dropping by a third over the past month.

These falls have forced banks to drop fixed-rate bond rates for new savers. Barclays, C&G, Halifax, Lloyds TSB, and Santander have cut the fixed rates they are prepared to pay new savers over one to three years.

But others, keen to attract money from savers, have launched new bonds. Top one-year rates come from Manchester-based Whiteaway Laidlaw Bank at 2.81pc after tax (3.51pc before) and Yorkshire BS at 2.76pc (3.45pc).

On two-year bonds, Cahoot, owned by Santander, has a new deal at 3.21pc (4.01pc), but on a high minimum of £25,000. The Post Office, where the deposit taker is the Bank of Ireland, is paying 3.17pc (3.96pc) and Tesco Bank at 3.08pc (3.85pc). You can earn 3pc (3.75pc) on the High Street with Britannia and Co-op.

If you are willing to tie your money up for three years, C&G has a competitive deal paying 3.4pc (4.25pc) on average. The rate rises each year from 3pc (3.75pc) in the first year, to 3.4pc (4.25pc) in the second and 3.8pc (4.75pc) in the third.

Where fixed-rate bond rates will go from here is uncertain. The latest turmoil could drive them down further if investors think euro and dollar holdings are too risky and go for UK government bonds instead.

## BEST BUYS: Variable rate savings accounts — easy access

Provider	Contact	Account	Guarantee	Compensation licence	Minimum deposit	Before tax %	After 20% tax %	After 40% tax %	
<b>IN THE HIGH STREET</b>									
Newcastle BS (e)	0845 606 5522	Direct Saver Plus	no	own	1	2.35	1.88	1.41	
Yorkshire BS (d)	0845 1200 100	Triple Access Saver	no	shared	100	2.25	1.80	1.35	
Nationwide (f)	0800 302010	Flexclusive	to Jan 2013	shared	£1,000	2.25	1.80	1.35	
Northern Rock	0845 600 4466	Branch Saver 4	no	own	1	2.05	1.64	1.23	
Halifax	0845 726 3646	Guaranteed Saver Reward	one year	shared	1	2.00	1.60	1.20	
<b>TELEPHONE (T) and POSTAL (P) ACCOUNTS</b>									
Leeds BS	0845 054 0995	Postal Bond (P)	to Jan 2012	own	1,000	2.75	2.20	1.65	
Sainsbury's Bank	0500 405 060	Easy Saver (T)	no	own	1	2.60	2.08	1.56	
Allied Irish Bank (GB)	0845 455 2222	Easy Access 3	to Jan 2012	own	1	2.40	1.92	1.44	
<b>INTERNET ACCOUNTS</b>									
Northern Rock	northernrock.co.uk	E-Saver 6	no	own	250	2.75	2.20	1.65	
Newcastle BS	newcastle.co.uk	Online Access	no	own	500	2.70	2.16	1.62	
Skipton BS	skipton.co.uk	My Saving	to Jan 2012	shared	1	2.50	2.00	1.50	
Intelligent Finance	if.com	iSaver	no	shared	1	2.49	1.99	1.49	
<b>CASH ISAS: Branch (B), Telephone (T), Postal (P) and Internet (Int)</b>									
Northern Rock	northernrock.co.uk	E-Isa 2 (Int)	no	own	1	2.80	2.80	2.80	
Newcastle BS	newcastle.co.uk	Online Access Isa (Int)	no	own	1	2.70	2.70	2.70	
Northern Rock	0845 600 4466	Easy ISA 2 (B/P)	no	own	1	2.65	2.65	2.65	
NS&I	0500 007 007	Direct Isa (Int/T)	no	Government	100	2.50	2.50	2.50	
<b>TAX-FREE CASH ISAS WITH INTRODUCTORY OFFERS: High Street, postal, telephone and internet</b>									
Santander (a)	0800 234 6065	Flexible Isa 3 (B/T/Int)	2.8% pt for 12 months	own	1	3.30	3.30	3.30	
AA Savings (a)	theaa.com	Internet Access Isa (Int)	1.35% pt for 1 yr	shared	500	3.05	3.05	3.05	
Principality BS	principality.co.uk	e-ISA 2 (Int)	1% pt for 1 yr	own	1	2.80	2.80	2.80	
C & G	via branch	Cash Isa (B)	1.7% pt for 1 yr	shared	1	2.70	2.70	2.70	
M&S Money	0808 0022 222	Flexi Cash Isa (T/Int)	1.25% pt for 30 months	own	100	2.65	2.65	2.65	
<b>TAXABLE ACCOUNTS WITH INTRODUCTORY OFFERS: High Street, postal, telephone and internet</b>									
Coventry BS (e)	coventry.co.uk	Poppy Online Saver (Int)	115% pt for 1 yr	own	1	3.15	2.52	1.89	
Derbyshire BS	derbyshire.co.uk	NetSaver 1 (Int)	2.11% pt to 30/11/12	shared	1	3.11	2.49	1.87	
ING Direct (b)	0800 376 8877	Direct Savings (Int/T)	2.5% pt for 1 yr	Dutch	1	3.00	2.40	1.80	
Kent Reliance	0845 122 0022	Easy Access Bonus (B/P)	2.5% pt for 1 yr	own	1,000	2.80	2.24	1.68	
Northern Rock (e)	0845 600 4466	Save Up Issue 2 (P)	1.5% pt for 1 yr	own	1	2.80	2.24	1.68	
Saga (c)	0800 066 5784	Telephone Saver 2 (T)	1% pt for 1 yr	shared	1	2.75	2.20	1.65	
Santander	0800 389 9875	Instant Access Saver 3 (B/T)	1.5% pt for 1 yr	own	1,000	2.50	2.00	1.50	
Norwich & Peterborough BS	0845 300 2511	Branch Saver (B)	12% pt for 1 yr	own	1	2.25	1.80	1.35	

KEY: (a) No transfers from other providers. (b) New savers only. (c) For the over-50s only. (d) Max three withdrawals a year. Also available at Chelsea and Barnsey BS branches. (e) Limited withdrawals. (f) Open to Society's current account customers only.

TABLE COMPILED BY SYLVIA MORRIS. See [www.thisismoney.co.uk](http://www.thisismoney.co.uk) for savings updates. To find out which banks and building societies share a licence, go to [www.fsa.gov.uk](http://www.fsa.gov.uk) or call 0845 606 12340.