

# Switch savings now to beat the bank bonus trap

By Sylvia Morris

**SAVERS** lose hundreds of pounds every year by leaving their money in the wrong account, as banks and building societies penalise loyal customers.

And the problem is set to get worse as a growing number of accounts, launched to entice savers through their doors, come with a short-term bonus.

These promise a headline-grabbing rate — but this top rate lasts for only a year. Then the bonus disappears and you are left earning a pittance.

Bonuses can be as high as 2.7pc before tax and your rate can nose-dive to just 0.1pc — a £260-a-year drop in interest on each £10,000 in your account.

'Banks and building societies know thousands of savers will leave their money in the accounts after the special offer period is over,' says Jason Riddle, spokesman from campaigners Save Our Savers. Last year saw 128 easy-access accounts launched, a third of which came with a bonus, research from data analysts Defaqto shows.

A further 58 easy-access cash Isas appeared, with more than half boosted by a bonus.

And bonuses have been getting bigger.

'Bonuses make up such a large part of your rate that when they fall away your interest simply disappears,' says Anna Bowes, from website Savings Champion.

Since the trend for bonus accounts accelerated, Money Mail has recommended moving your money in January. If you

## THE ACCOUNTS YOU SHOULD DUMP

**SAVINGS accounts that pay 80p interest or less a year after tax on your £1,000 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.

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

**CASH Isas that pay just £1 a year interest or less on your £1,000 savings:**

**Santander:** Easy Isa, Instant Access Isa, Postal Isa 1 and 2, Direct Isa Issue 1 and 2.

**Barclays:** Cash Isa.

**C&G:** Cash Isa (taken out before March 8, 2010).

**Halifax:** Isa Saver.

**RBS:** 60 Day Isa.

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

If you took our advice last January, then it is time to switch. Accounts recommended last year might still pay good rates to new savers, but you no longer qualify for the good deal. The

best deal for tax-free savings is the new Virgin Cash Isa at 2.85pc, available through Northern Rock branches, phone service or internet site. And the good news is the rate is not boosted by a bonus.

On taxable internet accounts, the Santander eSaver 4 pays 2.48pc (3.1pc), but this includes a 2.08 (2.6) point 12-month bonus.

*sy.morris@dailyemail.co.uk*