

BM SAVINGS
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ISA EXTRA

(Issue 3)



BEST ISA
PROVIDER



BEST SAVINGS ACCOUNT
PROVIDER

The Financial Services Authority is the independent Financial Services regulator. It requires us, BM Savings, a division of Bank of Scotland plc, to give you this important information to help you decide whether our cash ISA is right for you. You should read this document carefully, so that you understand what you are buying, and then keep it safe for future reference.



ISA Extra (Issue 3)

ISA Extra (Issue 3) is a cash ISA that gives you unlimited access to your money. ISA Extra (Issue 3) offers a variable interest rate of 2.75% tax free / AER – this includes a fixed bonus for the first 15 months.

Cash ISAs explained

An ISA, or Individual Savings Account, can offer a very attractive way to help you pay less tax on your savings. Whether or not you pay tax on your income or other savings, you won't have to pay any personal income tax on ISAs.

You can only pay in to one cash ISA each tax year and you can deposit up to £5,640 in a cash ISA in the 2012/2013 tax year. You can save in a cash ISA in the same year that you save in a stocks & shares ISA. For further information about stocks & shares ISA limits, please see 'Key Questions'.

Tax treatment depends on your individual circumstances and may change.

ISA Extra (Issue 3) in detail

- You can save any sum from £1 up to £5,640 in the 2012/2013 tax year.
- You have unlimited access to your money with no notice withdrawals. If you withdraw your money once you've used your tax free cash ISA allowance, you won't be able to replace it in the same tax year. If you want to add more money to your ISA, you'll be able to do so in the next tax year, when the new ISA allowance is available.
- Interest is variable and calculated daily.
- Customers who choose to have their interest paid yearly will receive a fixed bonus of 1.05% tax free for 15 months. Customers who choose to have their interest paid monthly will receive a fixed bonus of 1.03% tax free. After 15 months the variable rate without bonus will apply.
- You can transfer savings from other cash ISAs.
- For the yearly interest option, we'll pay you interest 12 months after your first deposit, then 3 months after the first payment of interest (which is 15 months after your first deposit) and after that, yearly. For the monthly interest option, interest will be paid on the first day of the month.
- You manage your account by post.

Interest

Money paid by cheque receives interest two days after it is credited to your account. Deposits and withdrawals from an existing BM Savings account will earn interest the day the money is credited to the ISA Extra (Issue 3). Interest can be paid to your ISA, to another BM Savings account you hold with us or paid to another UK bank or building society that accepts Faster Payments. Interest payments made to non-BM Savings accounts will reach that other account on the next bank working day. Any money (including interest) withdrawn or paid away from your ISA will no-longer earn interest tax free.

	First 12 Months		12 to 15 Months		After 15 Months	
	Tax Free%	AER%	Tax Free%	AER%	Tax Free%	AER%
Yearly Interest	2.75	2.75	2.75	1.97	1.70	1.70
Monthly Interest	2.72	2.75	2.72	1.96	1.69	1.70

Rates include a fixed tax-free bonus for the first 15 months.

Rates correct as at 22 February 2012.

ISA Extra (Issue 3) Key Questions

Who can open a BM Savings cash ISA?

- You can save in an ISA Extra (Issue 3) provided you're 16 or over and resident and ordinarily resident in the UK for tax purposes. You cannot subscribe to more than one cash ISA in the same tax year. An ISA cannot be applied for in joint names.

What are the current ISA limits?

- Current ISA regulations allow you to save up to £11,280 in any one tax year by choosing one stocks & shares ISA or a combination of one cash ISA and one stocks & shares ISA. You can save up to £5,640 in a cash ISA.

Can cash ISAs be transferred?

- If you have already saved in a cash ISA for this tax year but would still like to save in our ISA Extra (Issue 3), you can do so by transferring the subscriptions you have made this tax year, but you must do so in full. If you want to, you can also 'transfer in' some or all of your cash ISA subscriptions from previous tax years from your existing ISA. Please check with your current provider if there are any transfer costs.

If you open a cash ISA and subsequently transfer it into a stocks & shares ISA, you can still save any remaining allowance in a cash ISA during the current tax year as long as the total ISA limits are not exceeded.

How do I view my balance and carry out transactions?

- You manage your ISA Extra (Issue 3) by post. To help you keep track of your account, we'll send you a statement 12 months after your first deposit, then 3 months later and then yearly after that.

Can I change my mind?

- You can close an ISA Extra (Issue 3) within 14 days of your application being completed. If you do so successfully within 14 days you can still open another cash ISA within the same tax year. After the first 14 days, you can still close your account at any time but you may lose your tax free entitlement, unless you transfer to another ISA. If you'd like to close your account at any time, please write to our Savings Team at:

**BM Savings, PO Box 81, Pendeford Business Park,
Wobaston Road, Wolverhampton WV9 5HZ**

Compensation scheme

We are members of the **Financial Services Compensation Scheme**. For further information about the scheme (including the amount covered and eligibility to claim), please call us on **0845 602 2828**, refer to the FSCS website **www.FSCS.org.uk** or call **020 7741 4100** or **0800 678 1100**.

How to complain

• *Our promise*

If you do have a problem we'll do our best to resolve it immediately. Where we can't, we'll ensure you have the name and contact details of the person or team dealing with your complaint.

• *Tell us if there's a problem*

If you have a complaint or just want to tell us about something we could do better, there are a number of ways you can let us know:

By telephone: call our Savings Team on **0845 602 2828**

By post: write to us at:

**BM Savings Customer Care, Birmingham Midshires,
PO Box 81, Pendeford Business Park,
Wobaston Road, Wolverhampton WV9 5HZ**

By email at **BMSIComplaints@BirminghamMidshires.co.uk**

• *If you're still not happy*

We'll do our best to sort things out but if we can't put things right to your satisfaction, you can ask the Financial Ombudsman Service to look at your complaint – provided you have tried to resolve the matter directly with us first.

We hope you won't need to contact the Financial Ombudsman Service but if you do, we'll tell you how to do this.

Account summary

Key Product Information for our ISA Extra (Issue 3)

Account name	ISA Extra (Issue 3)
Interest rates (AERs)	2.75% tax free / AER (variable) including a 15 month fixed bonus of 1.05% tax free from the date of the account opening with the yearly interest option and 2.72% tax free/ 2.75% AER (variable) including a 15 month fixed bonus of 1.03% tax free with the monthly option
Tax status	Interest will be paid tax free. Tax treatment depends on your individual circumstances and may change
Conditions for bonus payment	No conditions for bonus payment – a fixed bonus will be paid for the first 15 months from the initial deposit
Withdrawal arrangements	Unlimited withdrawals permitted for the duration of the account. Once you've paid in the tax year's cash ISA allowance, you cannot replace any money you withdraw in the same tax year
Access	Postal

For more information, please call us on 0845 602 2828.

Useful information

The ISA Extra (Issue 3) is an easy access cash ISA that is managed by post. If you have already used your cash ISA allowance, BM Savings also offer the BM Telephone Saver which is an easy access savings account managed by telephone and available through your Introducer.

Introducer

As your application will be submitted by an Introducer, the following applies:

- Your Introducer will not be able to make withdrawals from or deposits into your account under this agreement and will not be able to change your account details.
- Your Introducer will receive 0.2% commission yearly paid by Birmingham Midshires, based on the average balance in your account. This will be paid in January, April, July and October and will not affect the interest paid on your account or your account balance.
- By Introducer we mean the firm that your individual Introducer represents.

How do I apply?

All it takes is three easy steps:

- Complete the enclosed application form with your Introducer.
- Write a cheque made payable to yourself for how much you'd like to deposit (for at least the minimum opening balance of £1).
- Your Introducer will complete Section E and the Verification of Identity section on the application form and everything should then be placed in the prepaid envelope and posted back to us.
- If you'd like to transfer your current cash ISAs to us, please complete the enclosed cash ISA Transfer Authority form with the application form.

What happens next?

Once your cheque has been deposited into your account you'll receive a welcome letter detailing your account number and balance along with a Customer Service Guide. If you are opening your account by transferring in your cash ISA funds from another provider you will receive the welcome letter and Customer Service Guide when we have deposited the transferred funds.

Important information about compensation arrangements

We are covered by the Financial Services Compensation Scheme (FSCS). The FSCS can pay compensation to depositors if a bank is unable to meet its financial obligations. Most depositors – including most individuals and small businesses – are covered by the scheme.

In respect of deposits, an eligible depositor is entitled to claim up to £85,000. For joint accounts each account holder is treated as having a claim in respect of their share so, for a joint account held by two eligible depositors, the maximum amount that could be claimed would be £85,000 each (making a total of £170,000). The £85,000 limit relates to the **combined** amount in all the eligible depositor's accounts with the bank including their share of any joint account, and not to each separate account.

For further information about the scheme (including the amounts covered and eligibility to claim), call us on **0845 602 2828**, refer to the FSCS website **www.FSCS.org.uk** or call **020 7892 7300** or **0800 678 1100**.

Deposits in Birmingham Midshires or BM Savings branded accounts are held with Bank of Scotland plc. Accounts with Bank of Scotland plc include accounts with its divisions and trading names: Halifax, Intelligent Finance, Bank of Scotland, Bank of Scotland Private Banking, Bank of Scotland Germany, Bank of Scotland The Netherlands, Bank of Scotland Treasury, Lloyds Bank Corporate Markets, Lloyds TSB Corporate Markets, St. James's Place Bank and St. James's Place Private Bank. Some savings accounts under the AA Savings, Saga and Charities Aid Foundation brand names are also deposits with Bank of Scotland plc. An eligible depositor's £85,000 limit relates to the combined amount in accounts under all of these names.

If you are unsure whether your account is held with Bank of Scotland plc please check your account literature.

ISA Extra (Issue 3) Account Conditions

Our agreement with you is made up of conditions in the General Investment Conditions (General Conditions) and the ISA Extra Issue 3 (Account) Conditions below. If there is any overlap or conflict between the Account Conditions and General Conditions, the Account Conditions apply. In these terms “we”, “our” and “us” mean Birmingham Midshires, a division of Bank of Scotland plc, which is registered as an ISA manager at HM Revenue & Customs (HMRC).

The Account is a Cash ISA and it has a variable interest rate. We treat it as not being a payment account, as you can only pay in the yearly cash ISA allowance set by HMRC. (We explain what a payment account is in condition 1 of the General Conditions. You will see from conditions 18 and 19 of those conditions that we may treat payment and non payment accounts differently if we make any changes to your conditions or interest rate).

1. ELIGIBILITY

- 1.1 To have an Account, you must be at least 16 years old, resident and ordinarily resident in the UK for tax purposes or a Crown employee serving overseas (or be married to or in a civil partnership with a Crown employee serving overseas). You must inform us if these conditions no longer apply to you.
- 1.2 The Account must be in your sole name and all funds deposited in it must belong to you.
- 1.3 You must not pay into more than one cash ISA in any one tax year.
- 1.4 HMRC ISA Regulations mean that if you do not make a deposit into your Account in any tax year (other than the year of application) you will need to complete a new application form if you want to make deposits in a later year.
- 1.5 The Account is a limited issue, and we can stop selling it at any time. Once you've opened your Account you'll be able to add to it in either this or future tax years.

2. OPENING AND RUNNING YOUR ACCOUNT

- 2.1 Your Account will start from the date of your first deposit, which must be at least £1.00, and be accompanied by a valid application form. Applications cannot be backdated.
- 2.2 The administration of your Account will be carried out by Birmingham Midshires. Queries about your Account can be made through our Savings and Investment Team on 0845 602 2828. The lines are open Monday to Saturday 8am to 8pm. Alternatively, for more information, visit our website at www.bmsavings.co.uk.
- 2.3 You can only operate your Account by post.
- 2.4 We may delegate any of our functions or responsibilities under this agreement to a third party. If we do so, we will first satisfy ourselves that the third party is completed to carry out those functions and responsibilities.

3. DEPOSITS AND WITHDRAWALS

- 3.1 You can pay all or part of your yearly cash ISA allowance into your Account at any time. You can do this by:
 - (a) transfer from a cash ISA with another ISA manager which you have subscribed to in the same tax year (in which case you must complete a Cash ISA Transfer Authority Form as part of your application); or
 - (b) sending a cheque to, Birmingham Midshires, PO Box 81, Pendeford Business Park, Wobaston Road, Wolverhampton, WV9 5HZ; or
 - (c) transferring money from other accounts you hold with us. Call us on 0845 602 2828 if you'd like to discuss this further.
- 3.2 You can also transfer any cash ISA account with us or another ISA manager, which you have subscribed to in previous tax years, into your Account (in which case you must complete a Cash ISA Transfer Authority Form as part of your application).
- 3.3 The maximum amount you can pay into a cash ISA in any tax year is set by HMRC. To find out the latest allowance contact us or HMRC.
- 3.4 You can make a payment or withdrawal from your Account at any time. After making a payment or withdrawal you will not be able to pay more money into your Account, if it means you pay in more than the yearly cash ISA allowance set by HMRC.
- 3.5 You can ask to transfer all subscriptions made to your Account during the current tax year, and / or the whole or part of your Cash ISA deposits (and interest) from a previous tax year or years, to a Cash ISA or a Stocks and Shares ISA with another ISA provider, in which case you must complete a transfer application with your new provider who will send the transfer application to us. Within 5 bank working days of receiving the transfer application from your new provider, we will send your money and information to your new provider.

4. INTEREST

- 4.1 The interest rate is variable and can differ depending on the amount in your Account. You can find out the current interest rates for your Account at www.bmsavings.co.uk.
- 4.2 Interest is calculated daily on the balance in your Account.
- 4.3 For the yearly interest option, we'll pay you interest 12 months after your first deposit, then 3 months after the first payment of interest (which is 15 months after your first deposit) and after that, yearly. For the monthly interest option, interest will be paid on the first day of the month.
- 4.4 Interest will be credited to your Account, or you can choose to have it paid to another Birmingham Midshires account or to another bank or building society account. Interest payments will reach non Birmingham Midshires accounts on the next bank working day.
- 4.5 As long as you and your Account continue to qualify, interest will be paid tax-free.

5. CHANGES TO THE ISA REGULATIONS

- 5.1 Any changes made by HMRC to ISA Regulations that affect these conditions will apply as soon as they come into force.
- 5.2 Favourable tax treatment for ISAs may not be maintained (the Government is responsible for decisions about tax treatment).

6. OTHER TERMS

- 6.1 We are required to provide details of all ISA holders to HMRC. If you are or become non resident in the UK, HMRC may be required to share this information with tax authorities in your country of residence.
- 6.2 We will send you a statement 12 months after your first deposit, then 3 months after the first statement (which is 15 months after your first deposit) and then yearly after that.
- 6.3 We will send you a duplicate statement on request.

7. CLOSING YOUR ACCOUNT

- 7.1 You can close your Account at any time and any interest earned will be tax-free. If you have made a deposit into your Account in the same tax year as you close it you cannot open a new cash ISA for the same tax year.
- 7.2 If your Account stops qualifying as an ISA we will close it and notify you. We will deduct income tax at the appropriate rate on the interest earned on your deposit so far, including any interest you have already been paid. The tax will be deducted from your Account before the balance is paid to you.
- 7.3 Your Account will cease to qualify as an ISA and become subject to the deduction of income tax in the following circumstances:
 - (a) if the terms of the declaration on the application form are or become untrue;
 - (b) if you transfer any of your rights as an account holder or use your ISA Account as security for a financial liability;
 - (c) from the date of your death; or
 - (d) if HMRC instruct us accordingly.
- 7.4 If you die, your Account balance will normally be paid to your estate. When we receive notice of your death we will close your Account and pay any interest earned up to the date of death tax free. We will transfer the balance to a new variable account on which interest earned will not be tax free.
- 7.5 We will notify you if, by reason of any failure to satisfy the provisions of HMRC ISA.
- 7.6 Regulations, your Account becomes or will become subject to the deduction of tax.

8. COOLING OFF

- 8.1 If you apply for an Account you will be able to change your mind and cancel your account at any time before the end of the 14-day period starting on the day your Account is opened or the day you receive your welcome letter; whichever is later. If you cancel your Account you are free to subscribe to another ISA in the same tax year. If you decide to cancel we will repay you any money you have paid together with any interest due on it, or help you to switch the balance to another account. To cancel this agreement you should tell us by writing to us at Birmingham Midshires, PO Box 81, Pendeford Business Park, Wobaston Road, Wolverhampton, WV9 5HZ. There are no charges for cancelling your Account agreement, and you do not have to give any advance notice.

This information is available in large print, Braille or on audio. Customers can also contact us by using Text Relay.

Birmingham Midshires (BM Savings) is a division of Bank of Scotland plc, which is authorised for accepting deposits by the Financial Services Authority. It is entered in the FSA's Register and its Register Number is 169628. Registered office: The Mound, Edinburgh EH1 1YZ. (Registered in Scotland No. SC327000).

PO Box 81, Pendeford Business Park, Wobaston Road, Wolverhampton WV9 5HZ
Website: www.bmsavings.co.uk

AER stands for Annual Equivalent Rate and illustrates what the interest rate would be if interest was paid and compounded once each year. As every advertisement for a savings product which quotes an interest rate will contain an AER, you will be able to compare more easily what return you can expect from your savings over time. **Tax Free** is the contractual rate of interest payable where interest is exempt from income tax.

Lines are open between 8.00am and 8.00pm Monday to Saturday. Calls may be monitored and recorded for security and training purposes.

