

# Watch out for Savings Rate Shavings



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Despite the base rate remaining static for six consecutive months, and with another hold expected from the MPC today, the latest market analysis from [uSwitch.com](http://uSwitch.com) reveals that savings providers are still intent on cutting rates across their product ranges. In the last month alone, 27 products have had their rates shaved by an average of 0.33% or up to 3%, in a move to safeguard profit margins.

## Providers who have cut interest rates in the last month include:

- Lloyds TSB has cut its Monthly Saver account rate by 3% and its 1 year fixed rate ISA rate by 1%
- Egg's Internet Savings Account bonus rate has dropped by 0.75%
- Bank of Scotland's Instant Access Savings Account Reward reduced by up to 0.35%
- RBS and NatWest cash ISA range rates cut by up to 0.25%
- Selected rates across Nationwide's fixed rate bond range have been slashed by up to 0.50%

## **No-notice savings accounts**

Lloyds TSB, Egg, Bank of Scotland and the Norwich and Peterborough Building society are the 'not-so' fantastic four, when it comes to reducing interest rates. Amongst this group, average cuts of 0.89% AER have been introduced on no-notice savings products in the last month. Lloyds TSB asserted itself as lead culprit, with the rate of its Monthly Saver account slashed by 3%, meaning it now pays interest at a measly rate of just 2%. Bank of Scotland has also disappointingly cut rates on its Instant Access Savings Account Reward by between 0.20% and 0.35%.

It is also bad news for the grey market with Norwich and Peterborough's 50 Plus Savings account now paying a meagre 1.25% following a rate reduction of 0.15%

## **Fixed Rate Bonds**

In the fixed rate bond market, around 10 providers have been guilty of introducing new issue bonds at significantly less competitive rates than their withdrawn predecessors. On average, this group of providers' newly launched bond rates are up to **0.55%** lower than the products they replace. Nationwide is amongst the worst offenders, with rates on its fixed rate bond range slashed by up to 0.50%.

## Cash

## ISAs

Over 50s savers looking to top up their ISAs from this week will be particularly disappointed by the news that, in advance of the increased limits coming into effect, four providers (Lloyds TSB, RBS, NatWest and Norwich and Peterborough Building society, all implemented rate cuts across their ranges by an average of 0.25%. Lloyds TSB has imposed the most significant rate cuts, amounting to 1% on its 1 year Fixed Rate ISA (£9,000 - £15,000 investment tier). Similarly, RBS has introduced a 0.25% rate cut across many of the tiers within its Instant Access Cash ISA range, whilst NatWest has followed suit with the introduction of rate cuts of up to 0.25%, rendering the returns on some of these accounts as low as as 0.5%.

**Rumina Hassam, savings expert at uSwitch.com comments:** "Savers haven't had an easy ride over the last 6 months, and these latest rate cuts must be yet another bitter pill to swallow. With the base rate remaining static, providers no longer have an excuse for cutting rates as they did during the period October 2008 to March 2009, yet still savers are being penalised with more [savings](#) shavings.

"Savers need to keep a close eye on providers who use the 'withdrawal and replace' tactic to sneakily introduce products with less competitive rates. In particular, rates on shorter term 1 and 2 year new issue bonds are becoming less and less competitive as providers seek to encourage savers to tie in their cash for longer. Savers also need to be aware that market leading rates across savings products are rarely around for long, with some only lasting a matter of weeks. Savers need to be agile in applying for the stellar rate products as soon as they appear – in this case good things don't come to those who wait."

[See the full version of this press release.](#)

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## About

## uSwitch:

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