

# Consumer Price Index Rise Hits UK Savers Pockets

**Money Stand**

A blog about money, loans, debt and everything finance

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With bank rates predicted to stay low for the next 12 months, savers are in an increasingly tricky situation, according to personal finance website MoneyStand.co.uk.

As the Consumer Prices Index (CPI) is often greater than the savings account interest rates, MoneyStand.co.uk believes some individuals are actually poorer in real terms by keeping money in certain accounts. The UK website, which focuses on giving advice and information on personal finance, [debt solutions](#), and IVA, has stated that simple and well thought out decisions can make all the difference to consumers in these instances. These are particularly testing times for those who live off the interest of their accumulated wealth to subsidise their pension.

Due to the low interest rates affecting most banks within the UK and the erosive affects of rising inflation, individuals with savings are feeling the brunt of the economic downturn. Even with substantial savings, British savers are missing out on a solid return on their investments once tax is taken into account.

With the Consumer Prices Index rising to 1.9 per cent, basic rate taxpayers need their banks to provide a minimum savings rate of 2.375 per cent before seeing any real return on their investments, and higher rate tax payers need a sizeable 3.166 per cent to see a return. In reality, currently only 9 out of 744 variable rate savings accounts available in the UK actually offer an interest rate higher than this. Compared with November, when 69 out of 744 accounts paid above this rate, experts argue that banks are profiteering at the expense of

their customers, warning that the situation will now get even worse for the basic rate taxpayers.

Following a widespread media campaign for better deals for UK savers, the UK government has promised to start taking action against these low yield savings accounts. Despite these claims, MoneyStand.co.uk suggests that UK individuals will soon have almost no reason to save.

Founder Matt Spencer said, "Due to the worsening interests rates offered by the banks, we have approached the stage where taxpayers are better off investing their money into gold bullion than they are with savings accounts."

"Due to the Consumer Prices Index rising beyond economists' expectations from 1.5 per cent to 1.9 per cent last month, basic rate taxpayers will also feel the knock on effects of the increase for some months to come. Economists have attributed this to amongst other things, rising fuel and energy costs."

Personal Finance weblog MoneyStand.co.uk has been providing unbiased personal finance, IVA and debt related information since early 2008 specifically to help people through these testing financial times. The authors realise people are facing particularly pressing financial times and seek to alleviate this where possible by providing clear and easy to understand information.

"In times of recession individuals and families often overlook simple financial decisions that can make huge differences to their financial health." Matt Spencer explained, "Our aim is to highlight and offer financial advice on these sensitive topics."

For the latest financial news and advice on IVA, debt and insolvency visit our personal finance blog, <http://www.moneystand.co.uk>.

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