

Steve Dodge writes on Interest Rates

I know I'm repeating myself but laziness these days's can literally cost you a fortune.

This time of year there are a lot of statements coming through your post showing how much interest was added to your deposit accounts last year, and a lot of them don't seem too bad.

If you look in the papers for current interest rates you can see 3% is easily available and an enormous number of you thus do nothing assuming your cash accounts are doing well.

However, (there always seems to be a "however doesn't there!) there's a potential very costly mistake you can very easily make.

I saw a client recently who like most had assumed that all was well with her deposit accounts and I asked her if she could check, what rate she was receiving on her largest account, with around £40,000 in it.

"Oh it's around 3%" she said, "no need to worry"

"Let's just check" I replied, "It will only take a minute, please phone them".

She called and discovered that far from the 3% she thought she was getting the rate was actually less than half a percent.

In cash terms instead of £1,200 interest she thought she would get, she was actually only going to receive £192.

"Good grief" she said, "how can that happen"?

Well 3% is the rate available to new customers not existing ones and the moral of this tale is very simple, check the rate you are receiving and move your cash accounts if they are not paying top rates.

Accounts do not move themselves so you must check and take action NOW not leave it until next year and then complain about how little interest you have received, it will be too late.

In the UK your money is protected by the Financial Services Compensation Scheme up to £50,000 per individual (£100,000 for joint accounts) per institution.

Be aware of who owns whom for example SAGA deposit accounts are run by Birmingham Midshires, so if you have accounts with both make sure they don't total more than the £50,000 limit for compensation, when added together.

If your not sure, how you stand see an IFA, they know who owns whom and can guide you to the highest paying accounts with safety.