



## **Don't be a zombie account saver: How can you get the most money from your bank**

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Savings rates have been at rock bottom over the past few years. The best account on the market only pays just over 3%. There are hundreds of accounts paying much less.

Around 8 out of 10 savings accounts are closed to new customers. Around half are paying 0.5% interest or less and around a quarter are paying 0.1% or less. If you haven't checked and changed your savings account in over a year, you could be a Zombie account holder!

Millions of people still have their savings in one of these accounts and by not monitoring savings customers are losing out on over £4 billion of interest.

Many savings accounts once had a decent rate, but often the high rate only lasts for a year and is then slashed. In other cases, rates may be slowly reduced over time. If a bank reduces a rate by less than 0.25%, it doesn't even need to write and tell you!

Regular savings accounts often look much better than they are. You might be offered a rate of 6%, but they will usually cap how much you can pay in each month and they force you to start with a balance of zero. So 6% may sound like a lot, but if you pay in £250 a month you'll still only end up with a little under £100 in interest by the end of the year, not 6% of the £3,000 you have saved which would be almost £200.

### **ISAs**

Are you making the most of your ISA allowance? From 1 July, you can put up to £15,000 a year into an ISA, which means you won't pay any tax on your savings.

You should use up your ISA allowance before you put any money into ordinary savings accounts.

And don't forget that if you're transferring your ISA to get a better rate, you need to get your new bank to carry out the transfer for you.

Don't take the money out of your ISA and pay it into a new one, as you'll lose your previous year's ISA allowances.

**TIPS:**

So here are some things to think about if you've got some savings.

- There's always a catch with good interest rates. Usually, high rates will only last for a fixed period – often for 1 year – so you need to put a reminder in your diary to move your money when the high rate expires.
- Make sure you check your rate at least once a year. And if you haven't checked it for a while, do it today. You could be one of the millions of Zombie account customers who are earning next to no interest.
- The best flexible savings accounts – where you can take out your money whenever you need it – are paying around 1.5%, while you can get around 3% if you're willing to lock your money away for up to five years. If you're earning any less than 1.5% - it's time to move your savings.

It's all about finding the best interest rate that pays you more...