

One year of base rate at 0.50%

The Monetary Policy Committee's decisions to leave the Bank of England base rate at 0.50% for an entire year leaves the nation's hard pressed savers between a rock and a hard place.

David Black, Banking Specialist at Defaqto said: "With inflation at 3.50% and tax being levied on gross returns it's getting really hard for savers. Once again those hardest hit will be those who rely on savings interest to supplement their day-to-day living which will be the case for many pensioners.

"The paucity of most savings rates on offer means that many with spare cash will be looking to reduce their more expensive debt, such as outstanding debt on credit cards, unsecured loans or overdrafts, in preference to earning low savings rates. The attractions of competitive offset mortgages should also not be overlooked.

"The highest savings rates available tend to be longer term fixed rate bonds.

"Those wishing to get the best variable savings rates really need to move their money around on a regular basis to take advantage of special deals such as introductory bonuses. Some existing accounts pay rates as low as 0.01% so savers really need to avoid the obvious pitfalls of inertia.

Savings rates:-

Savings accounts	Average gross AER %	Highest gross AER % available
Instant / easy access £1,000 balance	0.86%	3.00% ¹
1 Year fixed rate bond £5,000 balance	2.70%	3.30% ²
2 Year fixed rate bond £5,000 balance	3.44%	4.25% ³
3 Year fixed rate bond £5,000 balance	3.84%	4.60% ⁴
4 Year fixed rate bond £5,000 balance	4.06%	4.50% ⁵
5 Year fixed rate bond £5,000 balance	4.43%	5.10% ⁶
Easy access Cash ISA £3,600 balance	1.37%	3.50% ⁷
Fixed rate Cash ISA £3,600 balance	3.38%	5.00% ⁸

Average loan rates:-

Loan type	Average rate %
Credit card typical APR	18.3%
Unsecured Loan typical APR for £5,000 borrowed over 3 years	13.9%
Standard Variable Mortgage Rate	4.74%

-Ends-

Notes to Editors:

The highest paying accounts are:-

- ¹ AA Internet Extra
- ² Post Office 1 Year Fixed Rate Growth Bond
- ³ ICICI Bank HiSAVE 2 Year Fixed Rate
- ⁴ ICICI Bank HiSAVE 3 Year Fixed Rate
- ⁵ Birmingham Midshires 4 Year Fixed Rate
- ⁶ AA 5 Year Fixed Rate
- ⁷ Santander Flexible ISA
- ⁸ Yorkshire Bank Cash ISA 5 Year Fixed

The accounts paying gross interest of 0.01% are:-

Newcastle Building Society Nova Plus Issue 3 on balances of £1+
Progressive Building Society Investment Share on balances of £1 to £4,999;
Ulster Bank Easy Access Savings on balances of £1+

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