



Strictly embargoed until Tuesday 29th September

OVER 800,000^[1] KNEE JERK FIXERS NEED INSTANT ACCESS

- **Following this year's savings rate massacre, 9 million^[1] consumers have locked away £131 billion^[2] in fixed rate savings accounts in the last 12 months**
- **One in four consumers have opened 2 accounts^[3], stashing away an average of £14,237^[2]**
- **87% of these consumers chose a fixed rate account because it was the only decent rate around at the time - 6% already regret locking their money away**
- **Almost one in ten people have already made an average withdrawal of £3,738 - 36% of these incurred a penalty of £132 each costing almost £40 million^[4] in total**
- **32% of these people needed their cash because they couldn't pay their household bills, 15% found their income had been reduced and 6% of lost their jobs**
- **Going forward, 1.7 million^[5] savers think they will have to access their money early**

This year really has been a savings rate massacre for consumers, with rates falling to historic lows in line with the plummeting base rate. New research from [uSwitch.com](https://www.uswitch.com) reveals that in response to this rate land slide, 9 million^[1] savers have locked away a total of £131 billion^[2] in fixed rate savings accounts in a desperate bid to bag a decent rate. Unfortunately, a turbulent financial climate has led to almost one in ten of these consumers being forced to access their savings early due to job losses (6%) and mounting housing bills (32%). As a result, these savers have incurred penalty fees averaging £132 each.

In total, over 800,000^[1] consumers have made an average withdrawal of £3,738 each from their fixed rate account in the last year, with over a third of these incurring penalty charges. As a result, these cash hungry savers have racked up a total bill of £40 million^[4] in withdrawal penalties which are predominantly made up of interest charges. Going forward this issue is only going to get worse as a further 1.7 million^[5] (19%) people with fixed rates claiming that they might have to access their money early.

With each of these savers locking away a total of £14,237 each, this has clearly made a positive boost to the UK's £1.1 trillion^[6] savings pot which is held by 35 million^[6] consumers.

This may sound like a lot of money in the current climate but it's hardly surprising as further reports have shown that the amount of money consumers are stashing away has actually gone up by 26%^[7] since January this year.

However, with 47% of fixed rate savings accounts offering consumers absolutely no access to their money before the end of the term, it's hardly surprising that 6% of these knee jerk fixers already regret locking their money away. 87% of fixed rate savers only chose this type of account because it was the only decent rate available at the time and 17% admit to making a rash decision.

Rumina Hassam, savings expert at uSwitch.com, comments: "Fixed rate savings accounts can offer consumers some really competitive returns, but the reality of this extra interest can be harsh. Almost half of the accounts available do not allow consumers to access their cash under any circumstances which, in a climate of recession and redundancy, this is a dangerous situation for some people. The devil really is in the detail as far as fixed rate savings are concerned. Even if consumers are allowed to make withdrawals, the extra interest earned could be completely wiped out by the penalties incurred.

"Consumers that might need to access their money should think really carefully before investing in a fixed rate savings account. Some deals offer more flexibility than others but the general rule of thumb is that accounts with limited access and longer investment terms will offer the highest rates. Also, with the base rate expected to creep up again over the next year and savings rates likely to follow suit, longer term fixed rates may not be the best option."

Variable rate savings deals are on the up and there are currently deals paying as much as 3.3% with no restrictions on access with Citibank. This explains why 37% of people don't feel their rate is quite as competitive as it seemed when they first took it on. The average one year fixed rate bond now pays an average of 3.11% but Chelsea Building Society is offering as much as 3.8%. Five year bonds have gone up from an average of 3.33%^[8] to 4.61%^[8] since January however, one year fixed options have actually dropped down from 3.62%^[8] to 3.11%^[8] in the last nine months. For details of the best savings accounts available consumers can log onto www.uswitch.com.

Best buy one year fixed rate savings accounts

Provider	AER	Notice/term	Minimum deposit
Chelsea BS Summer Bond (no access) 1 Year Option (2nd Issue)	3.80%	Fixed until 04/10/2010	£1,000
State Bank of India Hi Return Fixed Deposit	3.75%	1 Year Bond	£1,000
4Bank of Cyprus UK UK Bond 48	3.70%	1 Year Bond	£1
Northern Rock	3.70%	Fixed until 01/11/2010	£1
Chelsea BS Summer Bond 2009 (no access) Short Term	3.73%	Fixed until 22/03/2010	£1,000

Source: uSwitch.com, correct as at 24th September 2009

Best buy variable rate savings accounts

Provider	AER	Notice/term	Minimum deposit
Citi Flexible Saver Issue 6	3.30%	Instant access	£1
ING Direct Savings Account	3.20%	No notice	£1
Alliance & Leicester Online Saver Issue 5	3.15%	No notice	£1,000
Birmingham Midshires Telephone Extra	3.15%	No notice	£1
Leeds BS Online Access Account Issue 2	3.05%	No notice	£100

Source: uSwitch.com, correct as at 24th September 2009

For more information visit www.uSwitch.com or call 0800 093 06 07

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An ISDN line is available for radio interviews. For further information please contact:

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Notes to editors:

All figures are based on research from Research Now, carried on amongst 1000 consumers on 16 – 19th September 2009 amongst 1091 UK adults, 500 of which have opened a fixed rate savings account in the last 12 months

1. According to ONS there are 48,315,000 adults in the UK
 - 19% of UK adults have opened a fixed rate savings account in the last 12 months.
19% of 48,315,000 = **9,179,850**.
 - 9% of these consumers have made an early withdrawal. 9% of 9,179,850 = 826,187.
Almost 1 million.
2. These savers have invested an average of £14,237 each, a total saving of **£130,694,809,629**.
3. Each consumer has opened an average of 1.7 fixed savings accounts each.
4. 297,427 consumers have already made a withdrawal and incurred an average penalty fee of £132. In total these consumers have paid **£39,382,328** in penalty fees.
5. 19% of 9,179,850 consumers that opened a fixed rate savings account think they will want to make a withdrawal in the future. 19% of 9,179,850 = **1,744,172**.
6. bbc.co.uk, 16th September 2009, have we become a nation of savers?
7. Abbey press release, 16/9/09, Savers put away 26% more each month...
8. Moneyfacts

About us:

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