

12 May 2010

Average overdraft rate at decade high

Despite bank base rate being at an all time low, authorised overdraft rates have hit their highest level in a decade.

The average authorised overdraft rate now stands at 14.22%. The last time overdraft rates were this high, bank base rate was 6.00%.

	May-00	May-01	May-02	May-03	May-04	May-05	May-06	May-07	May-08	May-09	May-10
Average Overdraft Rate	14.78%	13.51%	12.65%	12.53%	11.81%	12.39%	12.40%	12.97%	13.35%	13.61%	14.22%
Bank Base Rate	6.00%	5.50%	4.00%	3.75%	4.00%	4.75%	4.50%	5.25%	5.00%	0.50%	0.50%

Source: Moneyfacts.co.uk 12.5.10.

Despite no change in bank base rate in the last 14 months providers have continued to raise overdraft rates, including:

Provider	Account	Increase	Current Rate	Date of Change
Barclays Bank	Additions Active	3.40%	18.30%	May 2010
Barclays Bank	Additions Active	3.00%	12.90%	May 2009
Barclays Bank	Bank Account	1.40%	19.30%	May 2009
Barclays Bank	Current Account Plus	1.40%	18.30%	May 2010
Barclays Bank	Premier Life	2.00%	14.90%	May 2010
Barclays Bank	Premier Life	3.00%	12.90%	October 2009
Clydesdale Bank	Current Account Plus (inc Offset)	1.90%	18.85%	October 2009
Clydesdale Bank	Signature Current Account	1.55%	12.50%	October 2009
Nationwide BS	FlexAccount	1.00%	18.90%	June 2009
Norwich & Peterborough BS	Gold Current (less than £500pm funding)	2.00%	20.90%	July 2009
Norwich & Peterborough BS	Gold Current (£500pm to £1,499 funding)	2.00%	13.79%	July 2009
Norwich & Peterborough BS	Gold Current (£1,500pm+ funding)	2.00%	11.74%	July 2009
Yorkshire Bank	Current Account Plus (inc Offset)	1.90%	18.85%	October 2009
Yorkshire Bank	Signature Current Account	1.55%	12.50%	October 2009

Source: Moneyfacts.co.uk 12.5.10.

Michelle Slade, spokesperson for Moneyfacts.co.uk commented:

“Despite eventually winning the OFT case, banks made significant changes to the level of charges they will levy for unauthorised borrowing.

“Changes made to reduced unauthorised borrowing charges meant banks lost a significant revenue stream, something they can ill afford in the current climate.

“As one revenue stream closed inevitably they have moved to find another.

“The loss of income gained from a minority of customers is now being recouped from all customers who use an agreed overdraft.

“Banks are likely to be making more now from these increases than they ever were from penalty charges.

“Customers remain reluctant to switch current accounts, but it's a decision that could leave them out of pocket, as the biggest current account providers in the UK have some of the highest rates on the market.

“Having an account paying a competitive rate of credit interest is not much use if you spend most of the month in your overdraft.

“Switching to an account with a competitive overdraft deal could save you hundreds of pounds.

Overdraft Best Buy

Provider	Account	Min Funding	Authorised Overdraft
Alliance & Leicester	Premier Direct Current	£500 pm	0% for the first 12 months, then 50p per day, maximum £5 per month
Norwich & Peterborough BS	Gold Current	£1,500 pm	11.74%
Cahoot	Current Account	None	11.80%
Santander	Preferred Overdraft Rate Account	£1,000 pm	12.9%
The Co-operative Bank	Current	None	15.9%
Smile	Current	None	15.9%
Source: Moneyfacts.co.uk 12.5.10.			

About Moneyfacts.co.uk

Moneyfacts.co.uk is the UK's leading **independent** provider of personal finance information. For the last 21 years, Moneyfacts' information has been the key driver behind many personal finance decisions, from the Treasury and the Bank of England to the high street.

Our increasingly popular consumer website www.moneyfacts.co.uk **helps customers make better financial decisions** and gives them the ability to check the latest best buy products and to search the **whole market** for products that suit their individual circumstances.

Moneyfacts.co.uk also supplies best buy charts to many of the UK national and regional newspapers, with a total weekly readership in excess of 22,000,000. Moneyfacts.co.uk also provides the personal finance data that powers many UK online comparison websites.

Our dedicated research experts produce three monthly publications as well as providing real time news and data services to the majority of banks and building societies. Additional information can be found at www.moneyfactsgroup.co.uk.

Contact us...

Looking for extra comment, a chart or more information, then please give us a call. We are always more than happy to help.

Press Office	Darren Cook Head of Press & PR	01603 476207 dcook@moneyfacts.co.uk
	Michelle Slade Press Officer	01603 476454 megade@moneyfacts.co.uk
	Louise Holmes Press Officer/Administrator	01603 476204 lhomes@moneyfacts.co.uk
Out of hours	Darren Cook Head of Press & PR	07803 899935
	Michelle Slade Press Officer	07803 145643
<p>Follow us at: http://twitter.com/MoneyfactsPress</p> <p>An ISDN line is available for broadcast: 01603 230551</p>		