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PRESSRELEASE

FOR IMMEDIATE RELEASE

5 July 2010

Savers pay the price for mortgage cuts

Savers taking out a fixed rate bond today will receive up to 23.3% less interest than they would have nine months ago.

Term	Average Rate Nine Months Ago	Average Rate Today	% loss
1 Year	3.23%	2.62%	23.3%
2 Years	3.75%	3.16%	18.5%
3 Years	4.16%	3.52%	18.2%
5 Years	4.77%	4.12%	15.8%
Source: Moneyfacts.co.uk 5.7.10			

Moneyfacts figures show that 29% of savers are looking to fix their interest rate, with the average amount invested in a fixed rate bond standing at £36,872.

Savers investing the average amount nine months ago would have received £1,209 in interest, compared to just £978 today.

Michelle Slade, Spokesperson for **Moneyfacts.co.uk**, commented:

“Providers are focused on mortgage lending and as they strive to attract new business by reducing mortgage rates, they are in turn cutting savings rates to balance the books.

“Uncertainty over when bank base rate will rise means most savers are only taking a short term view, but they are being punished by the biggest reductions in rates.

“At 2.62%, the average rate on a one year bond stands at an all time low.

“Prudent savers who rely on the interest from their savings to supplement their income continue to be hit the hardest.

“Inflation also continues to take its toll on savers and is effectively depreciating the value of savers’ capital.

“Savers hoping for incentives from last month’s Budget were left bitterly disappointed and many continue to feel their needs have been forgotten during the credit crisis.

“With a change in bank base rate still predicted to be a little way off, the situation for savers is likely to get worse before it gets better.

“To limit the effects of falling rates, savers need to review their portfolio regularly to ensure they are receiving competitive rates.”

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.

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