

AGE
Concern

Be money smart

How to find the right
bank, building society
and insurance

clear &
helpful
advice



free guide

your money

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The four national Age Concerns in the UK have joined together with Help the Aged to form new national charities dedicated to improving the lives of older people.

This guide is not a comprehensive statement of the law in this subject and Age Concern and Help the Aged cannot give individual legal or financial advice. The information in this guide describes the situation in the UK. Some rules may have changed since the publication of this guide. If you have any queries which this guide does not answer, seek further advice from one of the organisations suggested.

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Introduction

Most of us are used to shopping around to get the best value when buying items such as clothes and food. Many of us are less confident when it comes to choosing financial products and services such as bank accounts and insurance. This guide will help you to identify your needs, suggesting questions to ask and ways to find the right accounts and policies for you.

Does one of the following describe your situation?

If so, or if you want to find out more about financial products for any other reason, this guide will be of interest to you.

- You have been with the same bank or insurance company for years and wonder if they are still right for you.
- Your partner or spouse used to look after these arrangements but now you need to take a more active role.
- You have never had a bank account or insurance before.
- You are concerned that you are not getting the best deal.

Throughout this guide you will find suggestions for organisations that can give further information and advice about your options. Their contact details can be found in the 'Useful organisations' section.

▶ **pages 19–22** Contact details for local organisations can usually be found in your local phone book. If you have difficulty finding them, your local Age Concern should be able to help. ▶ **page 19**

Choosing a bank or building society

There are differences in the way that banks and building societies are set up and run.

Building societies are mutual institutions; this means that they should be run in the best interests of their customers. If you have a savings account or mortgage with a building society you may have the right to vote on some issues, to receive information and to attend meetings.

Banks are companies that are either privately owned or listed on the stock market and owned by shareholders. Many former building societies are now banks.

National Savings and Investments offers secure savings and investment products backed by the government. ▶ [page 22](#)

If you have difficulty using banking services because of a disability, your bank or building society is required by law to take any reasonable steps to help you do so. For example, if you have impaired vision you can ask for statements and other information to be provided in an accessible format for you. The British Bankers' Association and the Building Societies Association have further information on banks' and building societies' obligations under disability law. ▶ [page 20](#)



Choosing the right account

There are three main types of bank account. Which is right for you will depend on your circumstances and what you want to use the account for.

- **Basic bank account:** This is a simple account that allows you to pay in and withdraw money, and set up direct debits to pay bills. Basic accounts do not usually have overdraft facilities. This sort of account may be suitable if your finances are very straightforward, if you have not had a bank account before or if you have a bad credit rating. Basic bank accounts should be available to anyone who needs one – ask the bank for further details. A **Post Office Card Account** is a simple account for benefit payments – ask at the Post Office for details.
- **Current account:** These have more features than basic bank accounts, such as debit cards, cheque books and overdraft facilities. Some current accounts pay interest, but usually at a lower rate than a savings account. Compare the rates available on a number of current accounts. You should be able to find a current account that does not make charges for everyday transactions provided you stay in credit. Some banks offer premium accounts for which you pay a monthly charge in return for an enhanced range of services, such as insurance cover or access to legal advice. Consider how useful those services will actually be to you before signing up for them.
- **Savings (or deposit) account:** These accounts offer interest on your money but may restrict your access to it. See **page 7** for more information about savings.

Access to money

A convenient way of getting cash is an important factor in choosing a bank or building society and account. Depending on your needs, you should check the following.

- Is there a branch near where you live and does your account include branch service?
- Can you access your account at Post Office branches? All basic bank accounts and many current accounts allow this.
- How many cash machines are there in your area and can you use them free of charge? You should be told at the start of a transaction if there will be a charge for using the cash machine.

Opening an account

To open a bank account you usually have to complete an application form, provide proof of your identity and address, and pay in some money.

The easiest proof of identity is a passport or photocard driving licence. If you do not have either of these you may be able to use an old-style UK driving licence supported by other documents such as a council tax statement.

If you do not have any of the above, the bank or building society may accept other documents such as a benefits confirmation letter or letter from a care home manager, doctor or other professional. Check what the requirements are.

what
next?

Contact the Financial Services Authority to request a free copy of the leaflet *Proving your identity*. ► page 21

Savings

This page looks at savings (or deposit) accounts. For more complex investments you should consider getting advice from an independent adviser. ► [page 14](#)

Choosing a savings account can feel confusing because of the number of different accounts available. Shop around and do some research to find the best deals. Personal finance sections in newspapers usually include tables showing the current best rates and there are money comparison websites offering similar information.

The interest rate is often linked to the length of time you save your money for. Some accounts allow you to take out your money whenever you want but for others you may have to give notice to withdraw your money without incurring a penalty, or not be able to make a withdrawal until the end of a fixed period.

All individuals can invest a certain amount of money in a cash Individual Savings Account (ISA) each year. Cash ISAs often offer a higher rate of interest than other savings accounts and the interest is paid free of Income Tax.

Interest on most savings accounts is paid with 20% Income Tax deducted. Non tax payers can arrange for their interest to be paid without this deduction by completing a form that is available from your bank or building society. Even if you are a tax payer you may be able to reclaim part of the tax.

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Visit Age Concern's website to order a free copy of *Your tax health check*, a guide to common Income Tax queries. ► [page 19](#)

Protection for your savings

Recent events have made many of us question how safe our money is in banks and building societies. There are safeguards in place to ensure that you do not lose money held in UK-based banks that are regulated by the Financial Services Authority (FSA). However, some banks with offices in the UK are regulated abroad – check with the FSA that your bank is UK authorised. ► [page 21](#)

If you pay money into a UK-regulated bank or building society and it is unable to give your money back you are covered by the Financial Services Compensation Scheme (FSCS). This is a government-backed scheme set up to compensate customers of UK-regulated financial services firms in the event of their failure.

► [page 21](#) There are some restrictions on FSCS cover as outlined below.

- Savings of up to £50,000 per person with each UK-regulated bank or building society are guaranteed (or £100,000 in a joint account) should the firm fail. If you have more than £50,000 in savings it may be a good idea to spread it between different banks and building societies.
- If two or more firms are owned by the same parent company, you may only be able to claim £50,000 in total for accounts held across the group. Check the ownership of banks and building societies you have accounts with.
- The FSCS will offset any outstanding loans with the institution against your savings before compensation is paid out or reduce your loan accordingly. It may be advisable to have loans and savings with separate banks and building societies.

Borrowing money from a bank

If you need extra money, the way you borrow it can make a big difference to how much you end up paying back.

- **Overdraft:** Your bank may allow you an overdraft. You may be charged for this and also pay interest on the amount you are overdrawn by. Do not overdraw without the bank's agreement or by more than the agreed amount. If you do you will have to pay very expensive charges.
- **Bank loan:** A loan is a set amount that you borrow, with the repayment schedule and interest rate agreed at the outset. It can be a cheaper way of borrowing money than using an overdraft or credit card. Check the annual percentage rate (APR) and the cost of the loan including interest and charges. Shop around for the best rates – you do not have to use your own bank. If you take out a loan secured against your home, the lender may have a claim on your home if you cannot repay the loan.
- **Credit card:** Credit cards often have high APRs, and the rate may be higher for cash withdrawals than for purchases. Pay off as much as you can each month: if you only pay the minimum it will take longer and cost more. Some cards offer a low or nil interest rate when you transfer an existing balance to them. Check how long the offer applies for and what the APR will be afterwards. Do not use credit card cheques – the terms for purchases made using these are often less favourable.

Other lenders

Avoid borrowing money from other sources such as lenders who come to your door or loans companies that advertise on television. Often these lenders target people who would not be able to get credit from a bank or building society. They charge very high APRs because their customers do not have any real choice in who they borrow from. Whenever you borrow money make sure that you are given a clear written statement of the amount borrowed including the schedule and total amount for repayments.

Some companies will offer to help you manage your current debts. Be wary of these claims. Often what is offered is just another loan, sometimes known as a consolidation loan, which may cost you more to repay than your existing arrangements.

what
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If you are having difficulty managing your debts, contact one of the specialist organisations mentioned on [pages 20–22](#) for further advice. Contact Help the Aged to order *Thinking About Money*, a free leaflet on budgeting, saving and managing debt. ▶ [page 19](#)

Equity release

Equity release is a way of raising money against the value of your home. Equity release is a complex subject and it is vital to take independent financial advice before signing up to a scheme of this kind.

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next?

Visit [Age Concern's website](#) for more information about equity release. ▶ [page 19](#)

Online and telephone banking

Online and telephone banking can be convenient, particularly if you find it difficult to get out and about. These accounts can also seem better value than those available in high-street branches. However, if you will need to go into a branch or speak to someone face to face occasionally, check that your account gives you this option.

Banks and building societies will not contact you by phone or email and request your account details or personal information. Contact your bank using the contact details on your statement if you receive a call you are concerned about. There are some further tips to help avoid fraud and identity theft below.

Protecting your identity

Follow these tips to protect your personal details and avoid the financial loss or damage to your credit rating that can result if your details are stolen.

- **Shred any documents with personal information**, such as bank statements, receipts or credit card slips, before you throw them away
- **Keep passwords and PIN numbers safe**. Don't write them down if possible and always keep them separate from your cards. Don't tell them to other people.
- **Guard your PIN when using cash machines or chip-and-pin terminals**. Check no one is looking over your shoulder and shield the keypad.
- **Cancel any lost or stolen cards immediately**.

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Visit the Home Office website www.identitytheft.org.uk for further information on how to prevent identity theft.

Complaints about banks

Your bank or building society has to have a free formal complaints procedure and provide details of how to make a complaint. You should be given a response within eight weeks of making a complaint. If you are not satisfied with the bank's response, you can contact the Financial Ombudsman who may investigate the matter further. ► [page 21](#)

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Contact your bank for details of its complaints procedure or the Financial Services Authority to obtain a copy of its leaflet, *Making a complaint*. ► [page 21](#)

Tracing lost bank and building society accounts

If you have mislaid details of savings or other bank or building society accounts, there are account-tracing schemes that can help you to locate your money.

what
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If you think you may have unclaimed assets in a bank, building society or National Savings and Investments, you can make a single online application to have your account traced at www.mylostaccount.org.uk Alternatively contact the British Bankers' Association and/or the Building Societies Association for details of how to make a postal application. ► [page 20](#)



case
study

Frank, 66, changed his bank two years ago...

- 6 I had been with the same bank for most of my adult life. In the past I had never really thought about moving from one to another – I had always kept my savings in the same building society too.
- 6 A while back I started to look at whether I was getting a good deal. I wasn't paying any charges for my current account but I wasn't getting any interest to speak of on the balance either. I switched to another account that paid a better rate of interest. It wasn't too difficult and the bank helped me change the account over. The rate is lower now than when I opened the account but it all helps.
- 6 I find I quite enjoy looking out for the best rates and moving my savings about. It's become a bit of a hobby. Since the credit crunch started I've investigated what protection there is for savings. Not that I have more than £50,000 in one bank – if only! ●

When to get investment advice

It is usually advisable to take financial advice before putting your money into more complex investments such as shares, investment trusts, share ISAs, personal pension plans or any product that offers a higher level of risk than a savings account.

You do not have to take advice but if you choose not to, you may be more likely to choose a product that is not suitable for your needs and you will have less protection if you have bought an unsuitable product.

Firms that offer advice about investments must be authorised by the Financial Services Authority (FSA). This includes advice about most mortgages and most types of insurance.

An independent financial adviser may be able to help you identify how to arrange your savings and investments for the best return while restricting risk to a level you are comfortable with. Being called 'independent' does not necessarily mean that an adviser covers all companies in the marketplace. Check what, if any, restrictions your adviser operates under and how their fees are covered.

what
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Contact the FSA for further information and a free guide on how to find an independent financial adviser. If you are interested in a particular type of financial product, such as equity release, make sure the adviser you choose has relevant qualifications and experience. ► [page 21](#)

Insurance

Insurance offers protection against future events. You buy a policy under which the insurance company agrees to pay out if the event insured against happens. The price you pay is known as a premium. Common types of insurance relate to:

- **your home:** If you are a homeowner you should have buildings insurance to cover damage to the building. Mortgage providers usually require that you have this cover.
- **your belongings:** Contents insurance covers loss or damage to your household possessions.
- **driving:** You are required to insure against damage or injury caused by your vehicle to other vehicles and people. You can also insure yourself against theft, damage to your vehicle and injuries caused while you are driving.
- **travel:** Travel insurance covers you against the cost of delays, lost property and medical bills while you are abroad.
- **life insurance:** If you have life insurance your family will get a payment if you die unexpectedly. Check what payment is due from your pension scheme if you die.
- **pets:** You can insure your pet against the cost of vets bills, costs incurred finding a lost pet or if you are unable to care for a pet because of illness.

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Visit the Financial Services Authority's 'Money made clear' website at www.moneymadeclear.fsa.gov.uk for more information about different types of insurance. ► **page 21**

How to buy insurance

You can buy insurance from a wide variety of sources:

- direct from the insurer
- banks and building societies
- insurance brokers and other financial advisers
- supermarkets and other retailers.

In each case, the firm selling insurance should be regulated by the Financial Services Authority (FSA). This gives you access to the FSA's complaints and compensation procedures if a problem arises.

Buying directly from the insurer can seem cheaper but you should get quotes from several companies or use an online price comparison site. Insurance brokers act on your behalf to compare policies to find the best for your individual needs. If you decide to use a broker, check what links the broker has to particular insurers, how many providers they will check and how the broker's fees are covered.

The cover offered by different insurance policies can vary considerably, even if they seem to be the same type. The cheapest policy may not be the best value if there are a lot of restrictions on when you can make a claim and how much for.

what
next?

Contact the Association of British Insurers for more information about buying insurance. Contact the British Insurance Brokers' Association to find an insurance broker in your area. The FSA can confirm whether a firm is authorised to sell insurance.

▶ **pages 20–21** Visit Age Concern and Help the Aged's websites for details of their insurance products for older people. ▶ **page 19**

Tips for buying insurance

Follow these tips to make sure you find the best policy to meet your needs and give you peace of mind. The worst time to find out that there is a problem with your cover is when you try to make a claim.

- Always give **full and truthful information** when applying for insurance. If you do not, your policy may be void and you will not be able to make a claim.
- Give a **full account of any medical conditions** you have (or have had in the past) when requested to.
- Check whether there are any **age limits** on the cover provided. If you are having difficulty finding a policy to cover you, an insurance broker may be able to suggest other providers.
- Is there an **excess** on the policy? An excess is an amount you have to pay towards any claim before the insurance company will contribute. It can make a big difference to smaller claims such as windscreen insurance.
- Check that your insurance is **still valid**. If you pay by standing order and change insurer, remember to cancel the standing order so that you do not end up paying for two policies.
- If your insurer has an **introductory deal for new customers**, ask them to offer you the same terms. If they will not, suggest that you are thinking of leaving for another provider – some may offer you a deal to keep your custom.
- Always read the **terms and conditions** of your policy, or ask your adviser to explain them, so that you do not have any unpleasant surprises later on.

Complaints about insurance

Your policy document should explain how to make a claim. If you are unhappy with how a claim is handled, or with any other aspect of the service, your insurer should provide you with information about how to make a complaint.

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next?

If you are not happy with the response to your complaint, you can ask the Financial Ombudsman to take up the case. ▶ page 21

Tracing old insurance policies

This section applies to tracing life, savings or pensions policies that may still have a value. Most other types of insurance, such as household and motor policies, do not have any value after the period covered has finished.

If you have contact details for the insurer, approach them directly. If you do not, but know who they were, the Association of British Insurers (ABI) should be able to provide you with contact details for the company or its successor. ▶ page 20

If you think that you have a claim on a valid policy but do not have the details, the ABI suggests contacting the Unclaimed Assets Register. This company has a database of unclaimed life, savings and pensions policies. There is a fixed charge for each search made.

what
next?

To contact the Unclaimed Assets Register go to its website www.uar.co.uk or telephone 0870 241 1713. The government runs a pension tracing scheme for lost pensions. See page 22 for contact details.

Useful organisations

Age Concern

For more information and details for your local Age Concern in England, please call the Age Concern Information Line on 0800 00 99 66 (free call) or visit www.ageconcern.org.uk



In Northern Ireland, Scotland or Wales, contact:

Age Concern Northern Ireland

Tel: 028 9032 5055

Website: www.ageconcernni.org

Scottish Helpline for Older People (Age Concern Scotland)

Tel: 0845 125 9732

Websites:

www.olderpeoplescotland.org.uk

www.ageconcernscotland.org.uk

Age Concern Cymru

Tel: 029 2043 1555

Website: www.accymru.org.uk

Help the Aged

Help the Aged produces a range of free advice leaflets and information sheets for older people. These are available from the Information Resources Team or can be downloaded from the website.

Tel: 020 7278 1114

Website: www.hta.org.uk

Association of British Insurers (ABI)

Provides information on insurance cover, including a leaflet specifically for older motorists.

Tel: 020 7600 3333

Website: www.abi.org.uk

British Bankers' Association

The leading trade association in the UK financial services industry. Includes an account-tracing scheme.

Tel: 020 7216 8800

Website: www.bba.org.uk

British Insurance Brokers' Association

This insurance brokers' association includes a 'find a broker' service.

Tel: 0870 950 1790

Website: www.biba.org.uk

Building Societies Association

The trade association for all the UK's building societies. Includes an account-tracing scheme.

Tel: 020 7520 5900

Website: www.bsa.org.uk

Citizens Advice Bureau (CAB)

National network of free advice centres. For details of your local CAB call 020 7833 2181 (this number gives local contact details only, not advice).

Websites:

www.citizensadvice.org.uk for local CAB details

www.adviceguide.org.uk for online information

Consumer Credit Counselling Service

A charity giving debt-counselling sessions (lasting about two hours) in person or by phone.

Tel: 0800 138 1111 (free call)

Website: www.cccs.co.uk

Consumer Direct

Government-funded service providing practical consumer advice.

Tel: 0845 404 0506

Website: www.consumerdirect.gov.uk

Financial Ombudsman

Independent body dealing with complaints about financial services companies

Tel: 0845 080 1800

Website: www.financial-ombudsman.org.uk

Financial Services Authority (FSA)

The FSA provides information on how to find and choose a financial adviser and can confirm whether your adviser is authorised. It also produces a wide range of materials on finance-related matters.

Consumer Helpline: 0845 606 1234

Websites:

www.fsa.gov.uk

www.moneymadeclear.fsa.gov.uk

Financial Services Compensation Scheme (FSCS)

Statutory compensation scheme for customers of UK-regulated financial services firms.

Tel: 020 7892 7300

Website: www.fscs.org.uk

HM Revenue and Customs (HMRC)

Contact HMRC for more information about taxes. You should find your local Tax Enquiry Centre in your local phone book.

Website: www.hmrc.gov.uk

National Debtline

A national helpline and website for people with debts, giving self-help advice, counselling and support over the telephone. Sends out free information packs.

Tel: 0808 808 4000 (free call)

Website: www.nationaldebtline.co.uk

National Savings and Investments

Offers a range of secure savings and investment products backed by the government.

Tel: 0845 964 5000

Website: www.nsandi.com

Pension Tracing Service

If you think you may have an old pension, but are not sure, the Pension Tracing Service can usually trace it for you.

Tel: 0845 600 2537

Website: www.thepensionservice.gov.uk

(click on 'A to Z', then 'T' followed by 'Trace a pension')

TaxHelp for Older People (TOP)

An independent free tax advice service for older people on low incomes.

Tel: 0845 601 3321

Website: www.taxvol.org.uk

Age Concern publishes a wide range of books for older people and those who work with and care for them



Equity release made easy

Releasing capital from your home is a big decision. This clear and impartial guide explains everything you need to know to make an informed choice that is right for you. ► **price ● £5.99**



Pay less tax 2009/10 ● published May 2009

Clear, simple steps to check that you are paying the amount of tax at the right time and, if you have been paying too much, how to go about claiming tax back. ► **price ● £5.99**

To order these titles, or for further information about our full range of books, please visit our website www.ageconcern.org.uk/bookshop or call our book order line 0870 442 2120

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Age Concern is the largest provider of services to older people in the UK after the NHS. We make a difference to the lives of thousands of older people through local resources such as our befriending schemes, day centres and lunch clubs and through our national freephone helpline – the Age Concern Information Line.

If you would like to support our work by making a donation please call Supporter Services on 020 8765 7527 (Monday to Friday 9.15am–5pm) or visit www.ageconcern.org.uk
Thank you.

What should I do now?

If you would like more information on the issues covered in this guide, to order other guides or obtain this guide in a more accessible format, please call the Age Concern Information Line on 0800 00 99 66 (free call) or visit www.ageconcern.org.uk/information

The following Age Concern information guides may also be useful:

- *Going solo*
- *Putting your affairs in order*
- *Your tax health check.*

Age Concern publishes a range of books on issues relevant to older people. Browse our online bookshop at www.ageconcern.org.uk/bookshop

Contact details for your local Age Concern may be in the box below. If not, call the Age Concern Information Line on 0800 00 99 66 (free call).