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NS&I ploughs on with its 'shocking' rate cut for 387,000 Cash Isa savers

- Savers in its Direct Isa will see their interest rate drop from one to 0.75%
- The reduction will happen despite the fact it was announced before the Bank of England pushed up Base rate to 0.75%
- A saver with £10,000 in Direct Isa will see their annual interest drop from £100 to £75

By [JEFF PRESTRIDGE FOR THE MAIL ON SUNDAY](#)

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National Savings & Investments, the popular Government-backed provider of deposit accounts and bonds, will tomorrow go ahead with its controversial decision to cut interest rates for 387,000 Cash Isa savers.

The reduction will happen despite the



fact it was announced before the Bank of England pushed up Base rate early last month from 0.5 per cent to 0.75 per cent.

On Friday, the organisation, headed by Ian Ackerley, said the rate cut remained in place and would allow it 'to deliver positive value to taxpayers, while offering a fair rate to savers'.

The result is that savers in its Direct Isa will see their interest rate drop from one to 0.75 per cent – the same rate it was when Base rate was at 0.25 per cent at the beginning of November last year.

It means a saver with £10,000 tucked away in Direct Isa will see their annual interest drop from £100 to £75.







Defence: Boss Ian Ackerley claims the cut 'offers a fair rate to savers'

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The move has been roundly condemned by Ros Altmann, a former Government Minister. She says: 'National Savings is a treasure in the savings landscape. To cut the rate when savings rates are rising elsewhere is a shocking state of affairs. It is wrong.'

As the Government's savings arm, National Savings remains a firm favourite with savers. Some 25 million people have money tucked away in one of its accounts or Premium Bonds.



national savings
& investments



ns&i



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Cut: A saver with £10,000 in Direct Isa will see their annual interest drop from £100 to £75

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Its popularity is primarily a result of it being underpinned by the Treasury – and therefore offering 100 per cent capital security for savers.

Although National Savings partly explains away its rate cut by saying it does not want

Although National Savings partly explains away its rate cut by saying it does not want to compete aggressively with the banks for savers' money, some rivals are offering much better Cash Isa rates.

Data from rate scrutineer Savings Champion confirms that Virgin Money and Charter Savings Bank are offering 1.35 per cent and 1.4 per cent interest respectively.