Caught in the SAVINGS WEB: There are nearly 2,000 accounts available yet only a handful beat inflation... and they want your cash for five years

- **At the time of writing there were 1,873 different savings accounts available**
- **There are around 350 easy access accounts from just over 100 providers**
- **Some restrict withdrawals while others only pay a decent rate for a limited time**

By BEN WILKINSON and SYLVIA MORRIS and FIONA PARKER FOR THE DAILY MAIL
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Money Mail today lays bare the baffling state of savings as experts call for an overhaul of the market.

We also launch our 'Stop Short-changing Savers' manifesto — calling for an end to the scandal which has for too long seen loyal customers punished for saving.

Today we highlight just how absurdly confusing the market has become, and call for a clear and fair way to make savings pay.

Confusing: Last night there were exactly 1,873 different savings accounts open for business — often leaving ordinary savers clueless as to where they should keep their money

1,873 ACCOUNTS ON OFFER AND WATCH FOR PITFALLS

Last night there were exactly 1,873 different savings accounts open for business — often leaving ordinary savers clueless as to where they should keep their money.

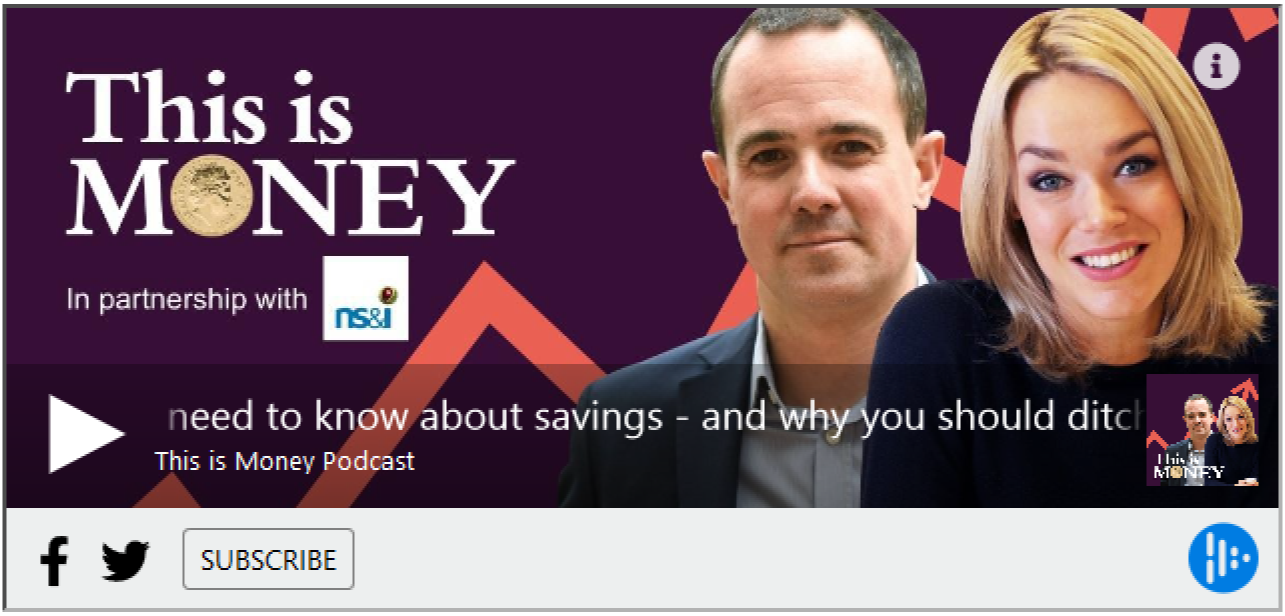
Yet only a handful of these accounts pay interest at a rate that beats inflation, and those that do require you to lock away your cash for five years. This means money in almost all savings accounts is wasting away.

robbery: Banks hold £1.2trillion of our...

must be laughing at savers and it's the...

HOW THIS IS MONEY CAN HELP

Looking for a better savings rate? Check our independent best buy tables



There are around 350 easy access accounts on offer from just over 100 providers. But savers need to watch out for a host of pitfalls that could cost them dearly.

Some accounts restrict the number of withdrawals, while others pay a decent rate but only for a limited time.

Others will demand a huge deposit to open the account, while some automatically move your money to a lower rate after 12 months. Some providers bar you from opening a new account if you already have one with the bank.

52 PAGES OF Ts & Cs

Halifax's savings account terms and conditions run over 52 pages and to more than 30,000 words.

The High Street bank, which pays just 0.2 per cent interest, recommends savers read the document before applying for an account.

Anna Bowes, a founder at advice site Savings Champion, says: 'It is very confusing for savers who have to pore over pages of Ts & Cs.

'They might not earn the rate they were expecting or even worse they can find they cannot access their money when they need to.'

Baffling: Halifax's savings account terms and conditions run over 52 pages

ONE PROVIDER, 28 ACCOUNTS

Yorkshire Building Society has 28 different savings accounts on offer to customers — from Isas to five-year-fixed deals.

The accounts offer 17 different interest rates varying between 3.8 per cent on its Child Regular Saver and 0.2 per cent on its Access Saver Plus.

Other names on easy access accounts include Internet Saver Plus, Internet Saver, Access Saver, Cash Card Saver, Annual Access and 1 Year Limited Access Saver.

Nationwide lists 13 different rates varying from 0.1 per cent to 3 per cent on its 14 accounts currently on sale. Often you earn a different rate of interest depending on how much you have in the account.

Our £30k nest egg will earn 16p a day!

Loyal saver Richard Martin will soon earn just 16p a day on his £30,000 nest egg when Lloyds cuts the rate on his Isa to 0.2 per cent.

The retired IT manager, who lives in Portsmouth with his wife Elizabeth, first opened a current account with Britain's biggest bank in 1966 when he turned 21.

Losing out: Richard and Elizabeth Martin

He is now 74, and the bank has written to say that from Friday, the rate on his instant cash Isa will be cut from 0.35 per cent to just 0.2 per cent — around £60.06 a year, or 16p a day.

Richard says: 'The idea of a 0.2 per cent interest rate is laughable. 'Lloyds does it because it knows it can get away with it, it's not like a lot of the big banks are offering competitive rates for savers.'

The couple, who have two children, opted for the instant cash Isa because they wanted to be able to access their cash in case they needed it for emergencies such as broken boilers or car repairs.

Richard has considered switching, but dreads the application process for a new account. He says:

'I would move my money to another bank, but I know it will be complicated and require dozens of forms.

'Then there are hidden clauses and charges.'

The pensioner says the major banks were generous to loan and mortgage customers, but at the expense of savers. He says: 'They know people like me just want to avoid the hassle of switching when it is such a complicated process.'

A Lloyds spokesman says: 'We regularly review our savings rates and make changes when appropriate.

'We encourage customers to regularly review their savings and make it easy for them to switch to ensure their account is right for them.'

ONLY ONE IN TEN BOTHER TO SWITCH

Only 9 per cent of savers have switched their easy-access account to another provider in three years, research from the Financial Conduct Authority shows.

And 45 per cent stay with their accounts for more than five years. Old accounts typically pay lower rates than those opened more recently — even though they cost no more to run.

It means tens of thousands of savers are earning a pittance on cash languishing in more than 1,500 old savings accounts.

Citizens Advice has estimated that savers are missing out on £48 annually each on average for failing to shop around for a better deal.

TEASER RATES DROP OFF A CLIFF

Savers are at risk of falling for teaser rates from banks and building societies that offer an attractive rate that later drops off a cliff.

Providers routinely launch accounts for new customers and then withdraw the old ones from sale, and quietly cut the rate.

It means that if you haven't checked your rate for a year or more you could well be earning a lousy rate of between 0.05 per cent to 0.3 per cent.

AA Savings Easy Access's headline rate of 1.11 per cent nosedives to 0.2 per cent after a year. Some old Halifax accounts, such as Liquid Gold, pay just 0.05 per cent.

Our Manifesto

- Force banks to pay a basic savings rate to help protect loyal savers.
- Stop penalising loyalty. Banks routinely launch new accounts with the same name and then slash the rate on the old account.
- Introduce a no-hassle seven-day switching service for savers. Around one in ten of all savings accounts were switched in the past three years.
- Simplify savings accounts. End confusing marketing tricks that make it hard for savers to find the best deal.

The initial 1.15 per cent with Post Office Online Saver drops to 0.25 per cent. The current Post Office Online Saver is Issue number 40 of the account, launched at the start of this month.

Savers in issues numbers 1 to 28, on sale previously, are earning just 0.25 per cent, and not the 1.15 per cent advertised on the current version.

Another trick is to move you into another account after a year. Halifax moves anyone who has been in its Everyday Saver for a year into its Instant Access Saver.

This is a closed account no longer on sale and pays 0.2 per cent. Lloyds Bank Easy Saver does much the same.

Loyal savers treated as cash cows

By **ROS ALTMANN** Former Pensions minister

Savers have had a rough time for over ten years, having to endure rock-bottom interest rates and watching the real value of their savings being whittled away by inflation.

Nine out of ten savers usually put their money into short-term saving products, such as instant access or short-notice accounts and cash Isas.

Former pensions minister Ros Altmann

Unfortunately, it seems that far too frequently, the most loyal customers are treated as cash cows, being given poor rates, while the best rates are offered on newly launched products.

The savings landscape has become increasingly complicated for customers — is this a calculated strategy to increase bank profitability at the expense of savers who cannot keep up with all the changes.

Central banks have kept short-term rates so low for so long, and have printed trillions of dollars, pounds and euros to drive down long-term interest rates, too, flooding the banking system with new money. This has left savers finding it increasingly challenging to identify the best place to park their savings.

Hard-pressed savers, seeking decent returns, have been forced to hunt around to try to find which institution is offering the better rates, but this needs to be almost a constant search, as products change all the time.

Why did savings become so bafflingly complicated? Has there been a concerted effort by some banks to make savings accounts increasingly difficult to keep up with?

Nowadays, there are around 2,000 accounts to choose from, and the difference between many of them seems negligible.

Money Mail reports some staggering examples — such as one account that has 52 pages of terms and conditions, Yorkshire Building Society has 28 different saving accounts and Virgin Money released 32 versions of the same account.

How can savers possibly get the best value when saving has become such a chore?

The time taken to 'shop around' to find the best account can be wasted if a new account is released the following week with better terms. Bank of England interest rates do not change that frequently, but retail banks seem to continually alter their offerings.

The UK savings rate is already at a record low, and debt has risen to worrying levels, so discouraging or penalising savers is not helpful for the economy.

These constant rate-adjustments and new account launches seem designed to confuse consumers as well as bamboozle loyal customers into staying with poor value products, while offering new savers better rates.

This complicated web of savings products is reminiscent of practices carried out by insurance companies who have been charging higher premiums to loyal long-standing customers than those on new policies.

The Financial Conduct Authority has started to clamp down on these egregious practices, and it is time for a look at how banks are operating as well.

If the regulator is satisfied, then savers will at least know that the matter has been considered on their behalf and, perhaps, there can be more transparency on rates.

Currently, there is too much complexity and confusion, and this is not in the customer interest. Many savers are languishing in low-rate products that were once top paying.

The Government is also guilty of making savings increasingly complicated. The original concept of Isas was a simple savings product, making it easy for people to put money away for the future, tax-free.

However, over the past few years, new types of Isas have been introduced which are much more complicated. Help To Buy, Lifetime Isa, Cash Isa, Stocks & Shares Isa, Junior Isa — almost one for every day of the week.

The Mail's campaign to 'simplify savings' is an excellent idea. Naming and shaming the worst offenders, who pay miserly rates to their loyal customers, or keep launching similar-sounding products which are almost identical to existing ones, may help to identify those who are not treating customers fairly.

I do hope the banks will take notice and begin to look after savers better at last.