

## Chapter 2

# Communications and financial promotions



## Form of Summary Box for Savings Accounts

This annex is referred to in ■ BCOBS 2.2A.1R

Summary Box	
<b>Account name</b>	Name of <i>savings account</i>
<b>What is the interest rate?</b>	<p>The rate or rates of interest that apply to the <i>savings account</i> (see note 1).</p> <p>Where different rates of interest apply to the <i>savings account</i> in different circumstances, an explanation of the circumstances in which each of the different rates applies (see note 2).</p> <p>Where an interest rate automatically tracks a reference interest rate (see note 3):</p> <ul style="list-style-type: none"> <li>-a statement that this is the case, identifying the reference interest rate;</li> <li>-an explanation of how the applicable interest rate is calculated on the basis of the reference interest rate;</li> <li>-an explanation of how the customer can access and monitor the level of the reference interest rate from time to time, including a website link to where the latest level of the reference interest rate can be found, where practicable.</li> </ul> <p>The times at which interest payments are calculated and credited to the <i>savings account</i>.</p>
<b>Can [name of <i>firm</i>] change the interest rate?</b>	<p>Whether or not the <i>firm</i> has the right to change the rate or rates of interest.</p> <p>Where the <i>firm</i> has the right to change the rate of interest, brief details of the circumstances in which that right may be exercised and how and when notice of the change will be given (see note 4).</p>
<b>What would the estimated balance be after [x] months based on a £[x] deposit?</b>	<p>One or more projections of the future balance of the <i>savings account</i>, which provide a representative illustration of the cash returns that the account will generate (see notes 5 to 9).</p> <p>A statement of the assumptions on which the projection is based.</p>
<b>How do I open and manage my account?</b>	<p>Details of any eligibility criteria that apply to the <i>savings account</i> (see note 10).</p> <p>A brief description of how to open the <i>savings account</i>, including a reference to any service available that enables a <i>banking customer</i> to switch to the <i>savings account</i>.</p> <p>Whether a minimum amount must be deposited to open the <i>savings account</i> and, if so, that amount.</p> <p>Whether a minimum amount must be deposited in the <i>savings account</i> on a regular basis and, if so, that amount, the frequency with which it must be paid, and any consequences of not doing so.</p>

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Whether a maximum amount may be deposited in the *savings account* in any specified period of time and, if so, the amount and the period.

Whether there is a maximum amount that may be held in the *savings account* and, if so, that amount (see note 11).

A reference to the channels through which the *banking customer* can communicate with the *firm* and give instructions in relation to the *savings account* (see note 12).

**Can I withdraw money?**

An explanation of how money may be withdrawn from the *savings account*, including any conditions or consequences for making withdrawals (see note 13).

For *fixed-term savings accounts*, an explanation of what happens at the end of the fixed term.

**Additional information**

Any other information, the inclusion of which is necessary to make the summary box fair, clear and not misleading including, where applicable, information regarding tax deductions or treatment (see note 14).

**Notes:**

**Note 1:** A *firm* may wish to use the annual equivalent rate of interest and, where it does so, it should take account of the British Bankers' Association/Building Societies Association Code of Conduct for the Advertising of Interest Bearing Accounts.

**Note 2:** If, for example:

-an introductory, promotional, or preferential rate of interest applies to the account until a specified future date or the end of a fixed period; or

-there are ascending or descending tiers of interest rates that apply to certain increments of the balance of the account, or that are determined by reference to the total balance of the account; or

-there are graduated rates of interest, the application of which depends on certain conditions being met or on the *banking customer* taking or refraining from taking certain action;

the summary box should include details of this.

**Note 3:** 'Reference interest rate' has the same meaning as in the *Payment Services Regulations*.

**Note 4:** A *firm* may wish to direct the *banking customer's* attention to the relevant clause in the terms and conditions that sets out the reasons for which the *firm* may change the interest rate and the procedure for doing so.

**Note 5:**

-In the case of a *fixed-term savings account*, the *firm* should include a projection of the balance of the *savings account* on the date on which the fixed term expires.

-Where there is to be a reduction in the rate of interest that applies to the *savings account* on a specified future date, or at the end of a fixed period, as the result of the expiry of an introductory, promotional or preferential rate of interest, the *firm* should include a projection of the balance of the *savings account* on the date of the expiry of that introductory, promotional or preferential rate of interest and a second projection of the balance of the *savings account* on the first anniversary of that date.

-In any other case, the *firm* should include a projection of the balance of the *savings account* on the first anniversary of the opening of the account.

**Note 6:** In making the projection, a *firm* should assume that £1000 is deposited in the account at the time it is opened and that no further deposits or withdrawals are made, unless this would make the projection misleading. This may be the case, for example, where a *banking customer* is required to make a minimum deposit in excess of £1000 at the time the account is opened or is not permitted to deposit that sum at that time. Where a *banking customer* is required to make periodic deposits at specified intervals, the projection should be based on a pattern of deposits that is representative of the terms and conditions that apply to the account.

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**Note 7:** If different rates of interest apply to the *savings account* in different circumstances, a *firm* should include a number of projections to illustrate the cash returns that the account will generate in those different circumstances. If, for example, there is an uplift in the rate of interest on the condition that the *banking customer* does not make a withdrawal from the *savings account*, a *firm* should include in the summary box both a projection that assumes that the condition is met and a lower projection that assumes that the condition is not met. If different bands of deposit in the *savings account* attract different tiers of interest, a *firm* should include in the summary box several projections that illustrate the cash returns that deposits up to each balance band will generate.

**Note 8:** The *firm* may wish to include in the summary box that the projection is provided for illustrative purposes only and does not take into account the individual circumstances of the *banking customer*.

**Note 9:** Where the rate of interest automatically tracks a reference interest rate, the projection may be based on the level of the reference interest rate as it stands at the time the projection is made. Where this is the case, the summary box should indicate that the projection is based on the reference interest rate as it stood on the relevant date and that it does not take into account that the level of the reference interest rate may fluctuate over the period that the projection covers.

**Note 10:** The summary should, for example, indicate if it is a requirement to open the *savings account* that the *banking customer* holds another account or product with the *firm*.

**Note 11:** If the *banking customer* is not required to deposit a minimum amount to open the *savings account*, the summary box should include a statement to this effect. Similarly, if there is no limit on the amount that may be held in the *savings account*, the *firm* should state this in the summary box.

**Note 12:** The summary box should, for example, indicate if the *banking customer* can give instructions to the *firm* about the *savings account* in branch, over the telephone, by electronic mail or through a website.

**Note 13:** The summary box should indicate if the *banking customer* is required to provide a certain period of notice of an intention to withdraw money from the *savings account*. If interest to which the *banking customer* is entitled is reduced or extinguished, or if a charge is imposed, as a result of withdrawing money from the *savings account*, details of this should be included in the summary box.

**Note 14:** Where appropriate, a *firm* may wish to include information on the tax implications for the *banking customer*, such as a brief explanation of the tax implications of an *individual savings account*.