



## A new approach

Halifax today announces the launch of a new current account, the Halifax Reward Current Account, which replaces the group's existing interest (credit/debit) and fee structure with a new approach based on simplicity and an even better deal for customers.

For the new account, credit interest will be replaced by set net cash payments after tax of £5 per month **irrespective of balance** when accounts are funded with £1,000 a month. Traditional arranged and unarranged overdraft fees and interest rates will be replaced with a daily fee. The Halifax Reward Current Account will be launched 9<sup>th</sup> February 2009.

Unlike other offerings on the market, with the Halifax Reward Current Account there are no catches in order to qualify for the £5 net monthly payment. The account **does not** require a cross product holding and there is no annual fee. The Halifax Reward Current Account is open to both new and existing customers.

### The Halifax Reward Current Account features:

#### A market leading benefit

- **Customers who fund their account with at least £1,000 a month will receive a net cash payment after tax of £5 – regardless of their debit/credit balance**
- **A customer earning 0.1% credit interest would need to maintain a balance of £75,000 throughout the month to earn the equivalent amount of net interest. The average current account balance in the UK is £1,740.**

#### Overdraft features of the new account

- Traditional unarranged overdraft fees will be removed – no debit interest, no monthly unarranged overdraft charges and no fees for paid or unpaid items will be applied. No charge is made if an account is brought into credit by the end of the banking day.
- Currently, the unarranged overdraft charge for the Halifax High Interest Current Account is £28 a month, with paid and unpaid item fees at £35 (subject to a maximum of three a day). The new Reward Current Account will not feature these.
- Customers using an arranged overdraft of up to £2,500 will be charged £1 per day for each day they use their overdraft. The OFT study into '*Personal Current Accounts in the UK*' published in July this year showed that around two-thirds of all active accounts didn't use an arranged overdraft.
- For those using an arranged overdraft of over £2,500 a charge of £2 per day will be applied for each day they use their overdraft. The OFT study revealed that 95% of people who utilised an arranged overdraft had an average daily balance of less than £2,000.
- Customers who use an unarranged overdraft will be charged £5 each day they are over limit. We will write to customers immediately to inform them that they have exceeded their arranged limit and again every seven days after they remain over limit.

**More/....**

## Market leading value for new and existing customers

With a £5 net cash payment after tax paid monthly, account holders who fund their Halifax Reward Current Account with at least £1,000 per month are continuously rewarded for their custom. Those customers could receive a £60 net payment each year irrespective of balance.

The Halifax Reward Current Account will be available to new and existing customers from 9th February 2009. The Halifax High Interest Current Account (HICA) and Halifax Current Account will not be available to new customers from this date.

It is intended that all Halifax accounts will move to a daily overdraft charging structure like this in 2009. In the interim existing customers will continue to use their accounts as normal.

Customers in the Moneyback Current Account (an account which hasn't been available to new customers since January 2008) will be transferred across to this new account – maintaining an account that rewards customers for their business. Moneyback customers need do nothing – we will be writing to inform them of this change in January.

Mike Regnier, Halifax head of banking, comments:

"Our new Reward Current Account is simple and easy to understand. Customers are regularly rewarded with the potential to earn as much as £60 a year banking with the Halifax."

**Ends.**

## Editors' notes:

- From 9<sup>th</sup> February 2009, Halifax will offer two full facility current accounts to new customers, The Reward Current Account and the Ultimate Reward Current Account. Customers funding their Reward Current Account with £1,000 a month will be eligible for the £5 monthly payment.
- The Halifax Ultimate Reward Current Account offers account holders access to a range of benefits for £12.50 per month. The account offers 2.5% credit interest and a £300 interest free overdraft. Account benefits include Worldwide Travel Cover, Mobile Phone Insurance, RAC Breakdown Cover and Home Emergency Cover.

OFT report Personal current accounts in the UK - a market study ([http://www.of.gov.uk/shared\\_of/reports/financial\\_products/OFT1005.pdf](http://www.of.gov.uk/shared_of/reports/financial_products/OFT1005.pdf)) revealed:

"...the average daily credit balance over the year held in an account in 2006 was £1,740". 4.13 page 58.

"...around 32 per cent of all active accounts used an arranged overdraft at least once in 2006". 4.32 page 63.

Chart 4.5: 'Distribution of average daily debit balance when in debit for those current accounts overdrawn, 2006' showed that 5% had an average balance of more than £2,000.

## £5 monthly reward:

All customers, irrespective of tax status, will be paid £5 net (£6.25 gross with 20% deducted) for funding their account with £1,000 a month.

Non-taxpayers will be able to reclaim the £1.25 already deducted via the usual HMRC forms (we will provide tax certificates for this purpose).

Higher rate tax payers may need to enter the details of the payment on their tax return and they may have an additional tax liability.

Press office contacts:

Alex Barnett 01422 333 253 / 07810692908

Clare Mortimer 01902 302 252 / 07768541555