

Our cash ISAs and how they work

An ISA is simply a savings account and stands for Individual Savings Account. Saving with a cash ISA is a way to save with tax-free interest.

There are two main types of ISAs

- Cash ISAs, which are classed as tax-free (i.e. the interest payable is exempt from UK Income Tax)
- Stocks and shares ISAs, which are classed as tax efficient

You can subscribe to one cash ISA and one stocks and shares ISA in a tax year, but there are limits to how much you can save in each ISA.

How much can I put into an ISA?

As ISAs are tax efficient there's a yearly limit on the amount you can save in ISAs. For the tax year from 6 April 2011 to 5 April 2012, the overall limit is £10,680. You can use this allowance in a variety of ways.

With an ISA allowance of £10,680, you can:

Save up to £5,340 in a cash ISA

OR

Save up to £10,680 in a stocks and shares ISA

OR

Save up to £5,340 in a cash ISA and put the remainder of the £10,680 allowance into a stocks and shares ISA

If you put less than the full allowance into a cash ISA, you can use the rest of that limit to add onto your stocks and shares ISA limit.

For example, if you only choose to put £2,000 into a cash ISA, you can put up to £8,680 into your stocks and shares ISA.

Choose the right cash ISA option for you

We offer a choice of instant access cash ISAs that earn interest at a variable rate or fixed rate cash ISAs that give you a fixed return over a set period of up to three years.

ISA rules and regulations

- Tax reliefs referred to are those applying under current UK legislation, which may change. The availability and value of any tax reliefs will depend on your individual circumstances.
- This tax year you can subscribe up to £5,340 in one cash ISA (for the 2011/2012 tax year).
- To have a cash ISA you must be 16 or over. You must be resident in the UK. You should not have subscribed to any other cash ISA in the same tax year. (The tax year runs from 6 April in the current year to 5 April in the following year.)
- If you withdraw money from your cash ISA, you cannot reinvest it in the same tax year if your total deposits will exceed your annual allowance.
- If you want to move your cash ISA balance between providers, there's a set transfer process, so that you will not lose any of your tax-free entitlement.
- Your account can be topped-up again as long as the total amount you put in does not exceed your tax-free allowance (excluding Fixed Rate ISA).

For example, say you opened an instant access cash ISA in the current tax year with an initial deposit of £3,600. Because your tax-free allowance would be £5,340 you could only pay in an additional £1,740 during the current tax year, regardless of how much money you withdraw.

- For Fixed Rate ISA further deposits are not allowed after the start date detailed on the information sheet.
- As the Fixed Rate ISA is a medium-term savings account, you won't be free to make withdrawals during the fixed period (although access to your money is possible, subject to an interest charge and the closure of the account). This charge is different for each term.

Interest is paid tax-free which means it is exempt from UK income tax.

Important Information

cancelling your account

- If you're unhappy with the account you've chosen, you can cancel it within 14 days. For more information ask in one of our branches for the **Personal and Private Banking – Terms and Conditions** leaflet.
- If you wish to cancel a branch-based account, you must confirm your decision in writing addressed to your branch. If you wish to cancel an account which is not branch-based, you should write instead to the address given in the Account Specific Conditions which apply to your account (you will find these in **Personal and Private Banking – Terms and Conditions**).
- If you cancel within 14 days, we'll give you all the money in your account and any interest it's earned.
- If you don't cancel in time, you'll be bound by the terms of your contract until we've closed your account.

Making a complaint

If you want to complain about our products or services, we want to help. You can find out about our procedures for dealing with complaints by asking in any of our branches, calling us or going to **rbs.co.uk**

If you still feel we haven't done enough after our complaints procedure, you can talk to the Financial Ombudsman Service. You can ask in any branch or call us if you want to know more about them. Otherwise, write to:
Financial Ombudsman Service, South Quay Plaza, 183 Marsh Wall, London E14 9SR. Call 0845 080 1800.

Compensation

RBS is a member of the Financial Services Compensation Scheme (FSCS). The Scheme can pay compensation to customers if they are eligible and a regulated firm is unable to pay claims against it, usually if the firm stops trading or is insolvent. Compensation limits apply depending on the type of claim.

For deposits that are held in a bank or building society in the UK, the Scheme will cover up to £85,000 per person. Deposits in all currencies are treated the same. Deposits with RBS, Direct Line, The One Account, Child and Co, Drummonds and Holt's are all covered by a single FSA authorisation. This means the total deposit with these firms will count towards the one compensation limit.

Most retail consumers (this includes private individuals and some small businesses) are eligible under the Scheme. For further information on the conditions governing compensation and details on how to apply please refer to the FSCS at **www.fscs.org.uk**

If you're in the Isle of Man, the Channel Islands or Gibraltar, not all the information in this booklet will be relevant to you.