

Terms and conditions

1 April 2008

Description

1. Deposits into a National Savings and Investments Residual Account are investment deposits in the National Savings Bank and are subject to the National Savings Bank Act 1971, National Savings Bank Regulations 1972 (Statutory Instrument Number 1972/764 - see paragraph 23), as amended or re-enacted from time to time. In the event of any differences between these terms and conditions and the Regulations, the Regulations will prevail.

Definitions

2. In these terms and conditions:

- (a) "banking day" means a day (other than a Saturday, Sunday or bank holiday) on which banks are generally open for business in London, and, in relation to the processing of a payment, any other place of receipt;
- (b) "Director" means the Director of Savings;
- (c) "NS&I" means National Savings and Investments operating through its Glasgow office or such other office as the Director may specify;
- (d) "post office" means a branch of Post Office Ltd in the UK (this does not include post offices in the Channel Islands and Isle of Man);
- (e) "A Type account" means a Residual Account opened by the Director and held in the name of the person to whom the assets are due;
- (f) "B Type account" means a Residual Account transferring assets from British Savings Bonds, National Savings Stamps, National Savings Gift Tokens and Ordinary Accounts opened up to and including 31 December 1969 with a balance of less than £1 at the date of transfer, and held in the name of the Director.

3. Residual Accounts can only be opened by the Director transferring residual assets from closed NS&I products where the Director has been unable to effect repayment of a closed product holding or where the Director has been unable to effect payment due in respect of any other holding as considered appropriate.

Interest and tax

4. A Type accounts with a minimum balance of £1 earn interest at a variable rate. Interest will not be earned on balances below this value. Details of the current rate will be set out in our Interest Rates leaflet available at post offices and from NS&I and on our website at www.nsandi.com. The rate may be changed from time to time. Notice of such changes will be given in the London, Edinburgh and Belfast Gazettes.

5. Interest on an A Type account is earned on a daily basis on each whole £1 and pence making up the closing balance for each day. The closing balance on any particular day will include all deposits dated that day less any withdrawals dated for that day (see paragraph 15). Interest is earned at 1/365th of the annual rate for each day (or 1/366th for each day in a calendar leap year).

6. Interest will be credited annually after close of business on 31 December and will include all interest earned up to and including 31 December. The interest will then form part of the balance in the account effective from 1 January (the following day).

7. Interest will be credited to the account without deduction of tax. However it is subject to UK Income Tax so account holders will need to declare their interest to HM Revenue & Customs.

8. B Type accounts will not earn interest.

Transfer of assets into the Residual Account

9. All assets transferred into an A Type account will continue to be held in the name(s) of the holder(s) of the ceding NS&I product. All assets transferred into a B Type account will be held in the name of the Director.

10. You and any other holder named on the ceding product's original application to invest, or make a deposit, are deemed to have accepted these terms and conditions and agreed to the transfer being effected by the Director.

11. The date of opening your Residual Account will be the date the funds transfer is initiated by the Director

Deposits

12. We will retain records relating to your Residual Account, including the date on which the account was opened and the details of the opening deposit.

13. After opening your account, no further deposits by the customer will be allowed into the holding. The Director may however, effect transfers into the Residual Account from other existing holding(s) with NS&I in your name(s) where the product is no longer available and the Director has been unable to effect repayment or where the Director is unable to effect payment due in respect of any other product holding as considered appropriate.

Withdrawals

14. To make a withdrawal, you will need to complete a withdrawal form, available from NS&I, and send it by post to NS&I. No notice is required.

15. Withdrawals will normally be made by electronic transfer to a bank or building society account in your name. You will be asked to provide details of such an account in your notification for withdrawal. Because the Director intends to use BACS as the means of making these electronic transfers (although he reserves the right to use a different means if necessary) your bank or building society account specified on your application must be capable of receiving payment via BACS.

16. NS&I will normally initiate the electronic transfer within three working days of receiving your valid application. Please note that the timescales for initiating the electronic transfer cannot be guaranteed and may take longer at busy periods. Once NS&I has initiated the electronic transfer, the date of withdrawal will be taken to be the date on which, in the normal course, the requested amount would be credited to your bank or building society account. In the case of BACS, this is normally two banking days after NS&I initiates the transfer.

17. Where an electronic transfer is initiated properly the Director will not be liable for:

- (a) any failure or delay of the receiving bank or building society in crediting the specified account; or
- (b) any failure or delay in any part of the electronic transfer process which is beyond his direct control,

including any failure which occurs because the specified account is incapable of receiving an electronic transfer.

18. Withdrawals can also be paid by crossed warrant (like a cheque) sent to you at your address. The date of withdrawal will be taken to be the date on the warrant.

Joint accounts

19. Where an A Type account is held jointly by two or more individuals or where assets in a B Type account relate to a product which was previously held by two or more individuals, all parties will be required to sign the withdrawal form. All joint trustees who hold an A Type account or who held assets transferred to a B Type account will be required to sign the withdrawal form.

20. Upon the application of all the account holders of Type A accounts, (or the survivor of any such holder or individual) the Director may remove the name of any person from the title of the account, and may substitute the name of another person with the consent in writing of the person(s) whose name it is desired to substitute, and every party to the account as altered shall make the declaration required upon the opening of an account.

21. In the event of the death of the last surviving account holder, the Director reserves the right to make payment in accordance with the law of the place in which the account holder resided, or if different, was domiciled at the date of their death.

Children

22. Withdrawals from an account held in the name of a child under 7 years of age will only be paid to a person who satisfies the Director that he or she is a proper person to receive payment. Once the child reaches the age of 7, only they can authorise withdrawals.

Regulations

23. As at 1 March 2008, The National Savings Bank Regulations 1972 (Statutory Instrument Number 1972/764) have been amended by the following Statutory Instruments:

1974/553	1975/1190	1975/2153	1977/1807	1978/888
1978/1594	1980/619	1981/484	1982/294	1982/487
1982/1282	1982/1762	1983/1367	1983/1750	1984/9
1984/602	1985/342	1986/2001	1988/1166	1988/2144
1989/25	1989/2045	1991/72	1992/2892	1993/3130
1996/801	1996/1724	1998/1446	1999/588	1999/1611
2001/858	2003/2895	2006/1066	2007/1265	2007/1898

Law and jurisdiction

24. These terms and conditions and any agreement made on the basis of them will be governed by and interpreted in accordance with English law.

25. Subject to paragraphs 26 and 27, the courts of England are to have exclusive jurisdiction to settle any dispute (including claims for set off and counterclaims) which may arise in connection with these terms and conditions or any agreement made on the basis of them and which, subject to the Regulations, falls to be determined by a court of law.

26. Where section 16 of the Civil Jurisdiction and Judgments Act 1982 applies the relevant court of law of the relevant part of the United Kingdom shall have jurisdiction to settle any such dispute.

27. Paragraphs 25 and 26 are included for the benefit of NS&I. Accordingly NS&I retains the right to bring proceedings in any other court which has jurisdiction to whose jurisdiction the depositor irrevocably submits.

Residual Account
National Savings and Investments
Glasgow
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1 April 2008

PLEASE KEEP FOR REFERENCE