

**1999 No. 588**

**SAVINGS BANKS**

**The National Savings Bank (Amendment) Regulations 1999**

<i>Made - - - -</i>	<i>4th March 1999</i>
<i>Laid before Parliament</i>	<i>8th March 1999</i>
<i>Coming into force</i>	<i>6th April 1999</i>

The Treasury, in exercise of the powers conferred on them by section 2 of the National Savings Bank Act 1971(a) as extended by sections 3(2), 6(1), 7(2) and 8(1)(a), (b), (e), (g), (h), (l) and (n) of that Act and of all other powers enabling them in that behalf, hereby make the following Regulations:—

1. These Regulations may be cited as the National Savings Bank (Amendment) Regulations 1999 and shall come into force on 6th April 1999.
2. The National Savings Bank Regulations 1972(b) shall be amended in accordance with the following provisions of these Regulations.
3. In the arrangement of regulations at the beginning of the Regulations, there shall be inserted after “29K. Authorised telephone procedure”—
  - (a) “in respect of treasurer’s accounts”;
  - (b) the following—

**“INDIVIDUAL SAVINGS ACCOUNTS**

- 29L. Deposits to individual savings accounts.
- 29M. Disapplication of particular regulations to individual savings accounts.
- 29N. Procedure on making deposits to individual savings accounts.
- 29O. Withdrawals from individual savings accounts.
- 29P. Payment on withdrawals from individual savings accounts.
- 29Q. Statements in respect of individual savings accounts.
- 29R. Authorised telephone procedure in respect of individual savings accounts.”.

4. Regulation 2(1) shall be amended—
  - (a) by substituting for the definition of “authorised telephone procedure” the following—

“ “authorised telephone procedure”, in respect of treasurer’s accounts, has the meaning given by regulation 29K(1) below and, in respect of individual savings accounts, has the meaning given by regulation 29R(1) below;”;
  - (b) by inserting in the definition of “electronic transfer” after the word “cash”, the words “and the Director of Savings may approve different systems for different accounts”;
  - (c) by inserting after the definition of “incorporated friendly society” the following—

“ “individual savings account” means an account of investment deposits made under regulation 29L below;”.

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(a) 1971 c. 29; section 2 was amended by the Finance Act 1989 (c. 26), section 184(1); sections 3(2), 6(1), 7(2) and 8(1)(b) were amended by the Finance Act 1982 (c. 39), Schedule 20, paragraphs 2, 5(1), 6 and 7 respectively.  
(b) S.I. 1972/764; a relevant amending instrument is S.I. 1996/1724.

5. Regulation 29K(1) shall be amended by inserting after the word “Where”, the words “, in respect of a treasurer’s account,”.

6. After regulation 29K there shall be inserted the following–

**“Deposits to individual savings accounts**

**29L.**—(1) Investment deposits may be made for the credit of an individual savings account opened in accordance with this regulation.

(2) An individual savings account may be opened by a person who is 18 years of age or over and who is–

- (a) resident and ordinarily resident in the United Kingdom, or
- (b) performs duties which by virtue of section 132(4)(a) of the Income and Corporation Taxes Act 1988(a) are treated as being performed in the United Kingdom.

(3) Where a person ceases at any time to fulfil one of the conditions specified in paragraph (2), further deposits shall not be made to that person’s account for such time as he fails to fulfil the condition.

(4) The minimum deposit to an individual savings account shall be £10 unless the Director of Savings, in any case in which he thinks fit, accepts any lesser amount.

(5) A person shall not be entitled to open more than one individual savings account.

(6) An application to open an individual savings account shall be made in the approved manner and, for the purposes of any such application, the applicant shall deliver to the Director of Savings such documents and other information as he may require.

**Disapplication of particular regulations to individual savings accounts**

**29M.**—(1) The following provisions of these Regulations shall not apply to individual savings accounts–

- (a) regulations 4 to 6, 8 to 12, 14, 16 to 19, 28 and 29 above;
- (b) regulations 31, 32 to 38, 57 and 58 below.

(2) Regulation 21 above shall not apply to individual savings accounts, except as provided by regulation 29P below.

**Procedure on making deposits to individual savings accounts**

**29N.** Deposits to an individual savings account shall be made–

- (a) by cheque or cash delivered to the principal office of the National Savings Bank or to such other savings bank office as the Director of Savings may determine, accompanied by such completed form as may be approved;
- (b) by bank giro credit to an approved bank account, specifying such reference or other particulars as may be approved;
- (c) by the transfer of any sum, in accordance with these Regulations, from another account in the National Savings Bank; or
- (d) pursuant to instructions given by the authorised telephone procedure.

**Withdrawals from individual savings accounts**

**29O.**—(1) An application for withdrawal from an individual savings account shall be made–

- (a) by sending or delivering to the Director of Savings at the principal office of the National Savings Bank an application for withdrawal in the approved form signed by the depositor or other person entitled to sign the application; or
- (b) if payment is to be made to the home bank account or by crossed warrant, by the authorised telephone procedure.

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(a) 1988 c. 1. Section 132 was amended by paragraph 6 of Schedule 20 to the Finance Act 1996 (c. 8).

(2) In this regulation, “home bank account” means one bank account held in the British Islands in the name of the depositor and specified for the purposes of this Regulation—

- (a) in the application to open the relevant individual savings account, or
- (b) in writing in the approved form signed by the depositor.

(3) A specification under paragraph (2) may be cancelled or amended from time to time in writing in the approved form signed by the depositor.

### **Payment on withdrawals from individual savings accounts**

**29P.**—(1) An application for withdrawal of deposits from an individual savings account shall request that payment be made—

- (a) by a crossed warrant drawn in favour of the depositor or of the person entitled to make such application, subject to paragraph (2) below; or
- (b) by electronic transfer, to such account in the name of the depositor (or of the person entitled to make such application) as may be specified in the application, being an account to which payment is capable of being made by that means.

(2) The Director of Savings may in his discretion—

- (a) limit the number of crossed warrants which may be issued to the same applicant in any calendar year; or
- (b) refuse to issue a crossed warrant where the sum to be withdrawn is less than a specified amount fixed for this purpose by the Director of Savings.

(3) A request for payment by crossed warrant shall be treated as implying an authority to the Director of Savings to issue a warrant for the amount to be withdrawn and to pay it in accordance with the terms of the warrant.

(4) A request for payment by electronic transfer shall be treated as implying an authority to the Director of Savings to initiate, in accordance with that system, the process by which payment will thereby be made.

(5) Where the process by which a payment is to be made is initiated in accordance with paragraph (4) above—

- (a) any determination of the authority to make that payment shall not deprive any person of a good discharge under these Regulations where such payment is made in the normal course as a result of such initiation;
- (b) receipt of the payment by the banker or other person with whom the specified account is kept shall be equivalent to receipt thereof by a person entitled to obtain repayment of deposits from the relevant individual savings account; and
- (c) subject to regulation 52 below, the Director of Savings shall not be liable for any delay in the completion of the payment by electronic transfer, or any other failure in the operation of that system, which is outside his direct control

(6) The death of the person who signed the application for withdrawal (or made the application by the authorised telephone procedure) shall not of itself determine the authority mentioned in paragraphs (3) and (4) above; but if the Director of Savings receives notice that the applicant has died or has determined such authority, he shall (where payment was requested by crossed warrant) not issue the warrant or, if the warrant has already been issued (or where payment was requested by electronic transfer), take such reasonable steps as may be available to him to prevent such payment being made.

(7) Regulation 21(5) above shall apply to a warrant issued under this regulation, and regulation 21(9) and (10) above shall apply to individual savings accounts.

### **Statements in respect of individual savings accounts**

**29Q.** A deposit book shall not be issued in respect of an individual savings account; but a statement shall be issued annually to show the deposits and withdrawals made and

particulars of any interest calculated and added in accordance with regulation 42(2) below, during the preceding year, and the balance resulting therefrom.

**Authorised telephone procedure in respect of individual savings accounts**

**29R.**—(1) Where, in respect of an individual savings account, these Regulations allow an application to be made or other thing to be done by use of the authorised telephone procedure, that application may be made or thing done in accordance with, and subject to the conditions set out in, this regulation, and the making of any such application or the doing of any such thing is referred to in this regulation as the giving of a telephone instruction.

(2) The authorised telephone procedure shall be available in respect of an individual savings account only where the depositor so requests—

- (a) in the application to open the account, or
- (b) in writing in the approved form signed by him and delivered to the principal office of the National Savings Bank,

and who nominates himself as a person authorised to give telephone instructions (referred to in this regulation as a “duly nominated person”).

(3) A nomination under paragraph (2) above may be withdrawn in writing in the approved form signed by the duly nominated person and delivered to the principal office of the National Savings Bank.

(4) Paragraphs (4) to (8)(a), (9) and (10) of regulation 29K above shall apply to the authorised telephone procedure in respect of individual savings accounts.”

**7. Regulation 42 shall be amended—**

(a) by substituting for paragraph (2) the following—

“(2) Interest on investment deposits shall, in the case of individual savings accounts, be calculated to 5th April in every year and, in any other case, shall be calculated to 31st December in every year; but interest shall not be calculated—

- (a) in the case of a treasurer’s account, on any amount less than one penny or some multiple of one penny;
- (b) in the case of an individual savings account—
  - (i) containing less than £1, on any of that amount;
  - (ii) containing £1 or more, on any amount less than one penny or some multiple of one penny;
- (c) in any other case, on any amount less than £1 or some multiple of £1.”;

(b) in paragraph (2A), by inserting after “29F(1)”, the words “or 29N(b)”;

(c) by inserting after paragraph (2A) the following—

“(2B) For the purposes of this regulation, a deposit made pursuant to instructions given by the authorised telephone procedure, in accordance with regulation 29N(d) above, shall be deemed to have been made on the day when the instructions are accepted by the Director of Savings.”;

(d) in paragraph (3)(b), by substituting for the words “29H(3) or 29I(3)”, the words “29H(3), 29I(3) or 29P(4)”.

4th March 1999

*Jim Dowd*  
*Clive Betts*  
Two of the Lords Commissioners  
of Her Majesty’s Treasury

## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These regulations amend the National Savings Bank Regulations 1972 so as to introduce a new type of investment deposit account, called an individual savings account. The Regulations provide for an individual savings account to differ from other investment deposit accounts in a number of respects. References to particular regulations in the rest of this note are to the 1972 Regulations as amended by these Regulations.

Eligibility to make deposits to an individual savings accounts is restricted to individuals who are aged 18 or over and who are actually and ordinarily resident in the United Kingdom. Eligibility also extends to Crown employees serving overseas who perform duties which are treated as being performed in the United Kingdom (regulation 29L(2)).

The minimum deposit is normally £10 but may be a lesser amount, at the discretion of the Director of Savings (regulation 29L(4)).

Deposits can be made by cheque, cash, bank giro credit to an approved account, transfer from another National Savings bank account or pursuant to instructions given over the telephone (regulation 29N).

Applications for withdrawals are made either in writing or by telephone (regulation 29O).

Withdrawals are made by crossed warrant or by electronic transfer (regulation 29P).

Deposit books will not be used, but annual statements will be issued (regulation 29Q).

Regulation 29R sets out the procedure for deposits and applications for withdrawals made over the telephone.

Interest will be calculated to 5th April in every year and, providing the account contains £1 or more, will be credited on every whole penny. Accounts containing less than £1 will not earn interest (regulation 42(2)).

Certain regulations will not apply to individual savings accounts (regulation 29M).

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