

Post Office to stop over-the-counter saving

Elderly customers 'most likely to suffer'

Laura Shannon

Unions and elderly peoples' groups have lashed out at National Savings for halting face-to-face transactions with customers over post office counters.

In a move intended to "modernise" its business, National Savings and Investments announced yesterday that it would allow people to open and manage its accounts only by post, telephone or via the internet.

The government-backed organisation said that new Investment Accounts and East Access Accounts could no longer be opened at post offices from November 28. Other services will gradually be withdrawn over the next nine months, although Premium Bonds will remain available over the counter.

NS&I looks after more than £100 billion on behalf of more than 26 million customers. Its chief executive, Jane Platt, said: "Since 2007 we have been working to simplify and modernise our range of savings and to encourage our customers to invest with us directly. At the same time the Post Office has grown its own range of savings products."

NS&I said that its call-centre staff

National treasure

£15.53bn

Gross inflows to National Savings and Investments, 2010 to 2011

7.7%

Proportion of the savings market held by NS&I

£1.1bn

Unclaimed assets, including Premium Bond prizes

Source: NS&I annual report

are well placed to help elderly customers and would be available seven days a week throughout the year.

Critics have voiced concern over ease of access to accounts once the option to manage them face to face disappears with elderly customers likely to be hardest hit. Of the customers whose ages are known, 11 per cent are over 70-years-old.

Adrian Lowcock, a senior investment adviser for Bestinvest, said: "The changes will initially cause some disruption and have an impact on many savers, particularly older people living in rural areas. NS&I needs to make sure it communicates and manages the changes effectively."

George Thomson, the general secretary of the National Federation of Sub-Postmasters, said that he was "surprised and bitterly disappointed" by the decision and urged the Government to do more to bolster the role of small post offices.

Customers will still be able to access information about NS&I savings products through the Post Office. In written communication to customers, a leaflet will explain where to find information to compare other providers with branch based accounts.

NS&I pointed out that the vast majority of its customers are long-term savers who rarely need access to their accounts: only 16 per cent of Investment Account holders have deposited or withdrawn money in the past 12 months, although its Easy Savings Account has more activity with 55 per cent making a transaction.

Ros Altmann, the director-general of the Saga group, said: "It's very disap-



More than 10 per cent of post office savings account holders are over the age of 70 – critics say they will be hardest hit

Folie de grandeur that will cut out most customers

Philip Howard
Commentary



The Post Office has been a hub of civilisation since Darius the Persian introduced his posts, who were not stopped by snow or hail, punctures or any of the other impediments to couriers. Without Cicero's letters to Atticus, and their replies, our knowledge of our ancestors and Latin lovers would be gravely diminished.

A "post" was originally a courier who carried mail on horseback

pointing and worrying for many elderly people. Many rely on the Post Office to do their financial transactions but how they won't be able to go there to get their money out. It's another difficulty for older people when trying to manage what little money they do have."

Some experts say that the changes won't make a material difference. Paul Davies, an analyst at the consumer group Which?, said: "Some customers will miss going into the Post Office to manage their accounts, but most are happy to deal with their accounts by

between fixed stages. Post was accordingly expensive. By the 17th century in Britain, letters and official dispatches were carried by stage-coaches, or a galloping post. Hence post-haste. Post was the privilege and prerogative of emperors and oligarchs. In those days in Britain the recipient paid for the delivery of his (her) letter; which must have weakened the demand of aunts to receive thank-you letters for their Christmas presents.

The great democratisation of communications came in 1840, when Rowland Hill introduced the penny post. By an absurdity of postal history, a "Penny Black" (the first postage stamp) has become a treasure for which philatelists pay gold. For a penny, paid by the sender and registered by fixing a stamp on

post, phone or online these days."

But the Unite union criticised the Government for allowing the move. Ian Tomkis, the national officer for Unite, said: "There is a contradiction when the Department for Business, Innovation and Skills states it wants the Post Office to become the 'front office' for government services but then withdraws access to good financial

the envelope, the Royal Mail undertook to deliver a letter weighing not more than half an ounce anywhere in the country. Anthony Trollope rode around the country serving the posts, when he was not scribbling novels.

Telephones followed the same route, from kings to commoners. Originally the tools and toys of the rich, they became the communicator and companion of the masses. Grouches complain that never-resting mobile phones have become a constant nuisance, impertinence and danger on the roads.

The retreat from selling National Savings and Investment bonds from the Post Office is a backward march into elitism. Only old-fashioned codgers and codgeresses buy NS&I bonds any more. The National

products from post office counters."

The transition will be complete by 2013 and it will be accompanied by a shake-up in rates. A new, higher, single rate of interest for Investment Accounts will be introduced next year, which will be higher than the current offerings. The group's Easy Ac-

Shopping for salvation

Analysis Ian King

One possible way to secure the future of post offices is through the ups with commercial partners, as it has with WH Smith.

The alliance started in 2006 with a pilot scheme in half a dozen Smiths shops, and led the following April to 70 post offices being moved to branches of the country's biggest book, newspaper and magazine seller.

The move antagonised the Communication Workers Union, which complained that the move was "blatant privatisation", but four years on, the scheme has proved a huge success.

On average, the new sites were less than 250 metres away from the site of the original post office, while customers also welcomed the extended opening hours that often accompanied the new openings, particularly on Saturdays.

WH Smith customers have also benefited from using services, such as post office bureaux de change, that were not previously available.

Most important, though, the Post Office has been able to retain a big presence in many towns and cities, including Redhill, Solihull, Atrincham, Carlisle, Aldershot and Ashton-under-Lyne.

In all of these locations, the service would otherwise have been lost, or scaled back substantially.

Lottery offers more glittering prizes of fools' gold.

To ordain that NS&I bonds can be bought in future only on the internet is an act of folly. It cuts out most of the customers who buy NS&I bonds. It is not fashionable to state this, but the sort of people who buy savings bonds tend to be middle-aged to elderly, middle-class (whatever), and to treat the internet with as much caution as they would a crocodile. They like to go to the Post Office on foot, talk to a person not a recording, and buy an NS&I bond on paper (to send to their grandchild who will be astonished) for Christmas). Can nothing be done to stop this postal vandalism? Bring back Darius, and Caesar (who could write a mean post with a mailed fist himself), I say.

cess Savings Account, which is held by 260,000 customers and pays between 0.3 and 0.7 per cent, will be closed to new customers from November 28 and to all existing customers from July. However, savers can transfer their money to NS&I's Direct Saver, currently paying 1.75 per cent or to the postal Investment Account. Andrew Hagger, of Moneynet.co.uk, said that a shake-up could benefit customers. He said: "If demand for products is low then it makes sense to review and streamline the range of products."

