

The Loughborough

where people make the difference

Principal Office

6 High Street, Loughborough, Leicestershire LE11 2QB

**GENERAL TERMS
AND CONDITIONS FOR
INVESTMENT ACCOUNTS 2008**

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1 Introduction

- 1.1 These terms and conditions (referred to as the “Conditions”) apply to all savings accounts with the Society, except if they are inconsistent with special conditions for particular accounts (in which case, those special conditions will apply).
- 1.2 In the Conditions:
 - “the Society”, “we”, “us” and “our” refer to Loughborough Building Society;
 - “you” and “your” refer to holders of savings accounts; and
 - “working day” means a day other than a Saturday, Sunday or Bank Holiday.
- 1.3 If you are a company, other form of corporation, partnership or unincorporated body (such as a club), please refer to Condition 22.

2 Membership

- 2.1 If these Conditions apply to your account you will (except where the account is a deposit account) be a member of the Society and therefore our Rules will apply. However, these Conditions, or any relevant special conditions for a particular account, will override the Rules in case of any inconsistency. A copy of the Rules is available on request at any of our branches.
- 2.2 If you have a deposit account, you are not a member of the Society by virtue of that account. You are, however, bound by some of our Rules.
- 2.3 New investing members from 1st February 2000 are subject to the Society’s Charitable Assignment Scheme, full details of which are set out in the application form.
- 2.4 If your account becomes overdrawn then, unless we have consented to the amount of the overdrawing, you will stop being a member in respect of the account.

3 Opening an account

- 3.1 We will require evidence of identity and address before an account is opened. If we receive money without evidence of identity that is satisfactory to us, then the money will be returned.
- 3.2 Once you have opened an account, you have 14 days to notify us in writing to our Principle Office address that you want to change your mind. If you notify us within this time, we will help you switch to another of our accounts or, assuming we have received cleared funds, give you back your money together with any interest it has earned within 30 days. We will ignore any notice period and any extra charges. **Please note that this Condition 3.2, and the option to change your mind, do not apply to fixed rate accounts.**

4 Account details

- 4.1 The address that you provide in the application form for the account will be the registered address for you, and will remain the registered address for you until it is changed in our records.
- 4.2 It is your responsibility to notify us of any change of address. You should also notify us of any change of name and telephone number. All notifications must be in writing.
- 4.3 You agree to produce evidence of any new name or address, if we ask to see it. If your account has a passbook, you must send or produce it to us so that we can note the change of details.
- 4.4 You agree to provide us with specimen signatures, if we ask for them.
- 4.5 If you have more than one savings account with us, you must make sure that the registered address we have for you is the same in respect of each account.

5 Minimum and maximum account balances

- 5.1 The minimum and maximum amounts that can be held in any particular account are set out in the special conditions for that account.
- 5.2 The minimum opening balance in any account must be maintained at all times. If your balance drops below this minimum amount, the interest rate applicable to that balance will be the relevant Instant Access rate. We will also write to you advising you of this fact and give you the opportunity to make up the difference.
- 5.3 The overall maximum holding by any one person in respect of all savings accounts with the Society is given in the Savings leaflet.

6 Paying money into your account

- 6.1 Unless special conditions for a particular account specify otherwise, you can generally pay money into your account at any of our branch offices or by bank transfer or post. However, for security reasons we do not recommend that cash is sent by post. Please see Condition 7.2 regarding when interest becomes payable.
- 6.2 If money is paid in by bank transfer or by BACS, it is your responsibility to make sure that all the account details are provided correctly.
- 6.3 For security reasons, we reserve the right to refuse to accept large sums of money in notes or coins.
- 6.4 You can pay money into your account by standing order or direct debit. The Society can supply the relevant form for completion.
- 6.5 Cheques made payable to the Society will only be accepted for payment into an account if they contain additional details, such as the name(s) of the account holder(s) or the account number, so that it is clear who the money is intended for.

7 Interest

7.1 We will tell you the interest rate that applies to your account (and when it is paid or credited) when you open it. This information is also available:

- in our Interest Rates leaflet;
- on our website;
- by asking our staff; and
- by looking at notices in our offices.

7.2 On our accounts we generally:

- calculate interest on a sum paid in from the day after receipt and on any amount withdrawn up to and including the day before you make the withdrawal.
- give you the choice of having the interest added to the account, paid into another account with us, or paid into your bank account.

However, this may vary depending on the type of account. You should check the special conditions for particular accounts. Further details of how and when interest is payable is contained in our Savings leaflet.

7.3 We will give you information regarding your account, as follows:

- To help you compare interest rates on our different accounts, we will send you a summary of these accounts (including accounts no longer available) and their new and old interest rates each time there is an interest rate change, unless your account has less than £100 in it, within 30 days of the change.
- If you have a variable rate account with more than £250 in it, and the interest rate has fallen significantly compared to the Bank of England base rate over the previous 12 months, we will contact you within 30 days after this has occurred to:
 - tell you that this has happened; and
 - give you details about how you can switch accounts or withdraw the money in your account.

7.4 Subject to any special conditions that apply to particular accounts, for example, fixed rate or tracker accounts, we can change interest rates as set out in Conditions 7.5 to 7.7 below.

7.5 We may change interest rates at any time if we reasonably believe that the change is needed for any of the following reasons (which may relate to circumstances existing at the time or those that are expected to apply in the near future):

- to respond to changes in the Bank of England base rate or mortgage or interest rates generally (including the interest rates paid on similar accounts by other providers of financial services);
- to respond to changes in the law or the decision of a court or ombudsman;
- to meet relevant regulatory requirements;
- to respond to new (or changes to) statements or codes of practice or industry guidance designed to enhance consumer protection;
- to respond to changes to our costs, including administration costs and costs of providing services or facilities;

Any change we make to interest rates will be proportionate to the circumstances giving rise to the change.

7.6 Changes may include the introduction or alteration of “bands” under which:

- interest is not paid where the amount in the account is below a certain level; and/or
- different rates apply depending on the amount in the account.

7.7 When we make these changes, we will tell you about them:

- by placing notices in our branches and on our website within three working days of the change.
- by letter within 30 days of the change (see condition 7.3).

7.8 If you have a variable rate account with £500 or more in it and the interest rate falls by more than 0.25 per cent on a rate change compared with the Bank of England base rate, we will notify you personally within 30 days after making the change.

This does not apply to:

- interest rate tiers applicable to balances below the minimum operating balance for the account (provided we have clearly told you about the minimum balance requirements);
- accounts where we have told you that the interest rate payable on them will be fixed or less than 0.5 per cent a year while the balance remains below a certain level; or
- fixed rate or tracker accounts.

7.9 The information on our website will be updated within three working days of the change.

7.10 Where we make a change under Condition 7.6, then Conditions 18.3, 18.4, 18.5 and 18.7 will apply instead of Condition 7.7

8 Account charges

- 8.1 Details of any charges relating to the day-to-day running of your account are contained in our Interest Rates leaflet. You can also find them on our website or by telephoning or enquiring at our branches.
- 8.2 Where the charge does not relate to the day-to-day running of your account we will tell you before we provide the product or service or at any other time you ask. These charges are contained in our Interest Rates leaflet. You can also find them on our website or by telephoning or enquiring at our branches.
- 8.3 We can change the charges we make at any time if we reasonably believe that the change is needed for any of the following reasons (which may relate to circumstances existing at the time or those that are expected to apply in the near future):
- to respond to changes to our costs, including administrative costs;
 - to respond to changes in the law or the decisions of a court or ombudsman;
 - to meet relevant regulatory requirements;
 - to respond to new (or changes to) statements or codes of practice or industry guidance designed to enhance consumer protection.

Any change we make to our charges will be proportionate to the circumstances giving rise to the change.

- 8.4 Changes may include the abolition or alteration of existing charges or the introduction of new charges.
- 8.5 If we introduce or increase a charge, we will give you at least 30 days notice by letter or other personal notice, before the charge comes into effect.

9 Withdrawals

- 9.1 Withdrawals are subject to the special conditions for particular accounts and to any branch withdrawal limits that we reasonably impose. The current limits are set out in our Savings leaflet.
- 9.2 No withdrawal will be allowed:
- if it would cause the account to be overdrawn; or
 - from a passbook account, unless you produce the passbook at the time of withdrawal.
- 9.3 We may refuse to allow a withdrawal if we are not satisfied that we have the proper written authority for the withdrawal, in accordance with the mandate you have given us.

9.4 We can restrict at any time the amount which can be withdrawn from any account.

We will only do this if:

- (a) we reasonably believe that there may be fraudulent activity or other financial crime affecting the account;
- (b) we are required to do so by any law, regulation or court order;
- (c) there is a dispute (which we reasonably believe may be genuine) about the ownership of, or entitlement to, the money in the account;
- (d) circumstances beyond our reasonable control prevent us from offering a normal service (such as in the event of terrorist threat, computer systems failure or strikes); or
- (e) circumstances exist which lead us reasonably to believe our financial stability is under threat (such as where rumours cause actual or potential abnormal levels of cash withdrawals).

In the case of (d) and (e) above:

- (i) we will act proportionately to the circumstances in question;
- (ii) we will take all reasonable steps to ensure that the restrictions are lifted as soon as practical and to minimise the inconvenience to you;
- (iii) we will take into account the interests of the Society's membership as a whole;
- (iv) we will, if practical, give advance notice; and
- (v) we may consider exceptions to the restrictions if we are reasonably satisfied that extreme or substantial hardship would otherwise be caused.

9.5 If a withdrawal is made by a cheque in favour of someone other than you, we will not stop payment of the cheque unless we have clear evidence of fraud, or that the cheque has been lost, stolen or destroyed.

9.6 Please also note that:

- we will not send cheques to third parties by post.
- we do not permit withdrawals to be made by direct debit or standing order.

10 Uncleared funds

10.1 Subject to any special conditions for particular accounts, and to Condition 9, we will allow withdrawals against a cheque 6 working days after it has been deposited with us, provided we have not received notice that it has not been cleared. If the cheque is not cleared then you will have to repay us the amount of the withdrawal to the extent that there is not enough other money in the account to cover it. However, we will not take money from your account, or require you to repay us, in respect of a cheque that has not cleared unless:

- you agree otherwise;
- you are knowingly a party to a fraud in respect of the cheque; or
- the money is reclaimed from your account before close of business on the sixth day after it after it was deposited with us.

If a cheque that is deposited by you is not cleared, we will tell you about this by writing to you.

10.2 For the purpose of Condition 10.1, the day of deposit of the cheque is the day it is paid in at a branch counter or the day we receive the cheque by post, except that in each case if the time of payment in or receipt by post (as the case may be) is not before 3 pm on a working day, then the day of deposit is the next following working day.

11 Closing your account

11.1 You can close your account at any time, subject to any special conditions that apply to particular accounts and to normal administration requirements.

11.2 We can close your account at any time without giving any reason, but (except in cases of suspected fraud or other criminal activity, or threatening or abusive behaviour):

- we will give you at least 30 days' notice; and
- we will not use this right to repay a fixed term investment before the end of the fixed term.

11.3 If we close the account, we will pay interest at the agreed rate up to and including the date of repayment. We may make repayment by sending you a cheque.

11.4 If we close the account in full and make repayment to you, in person or by post, then you will have no further right or interest in the account.

12 Statements

We will send you a statement of account annually, unless:

- the special conditions for a particular account specify otherwise; or
- the account is a passbook account.

You should check all statements carefully. If there is an entry which seems to be wrong, you should tell us as soon as possible.

13 Taxes

Where required by legislation, interest will be paid or credited after deduction of income tax at the appropriate rate. Please enquire for further details.

14 Joint accounts and trusts

- 14.1 If an account is held in more than one person's name, then only the holder whose name appears first in our records will be entitled to membership rights (such as the right to receive notices of, and to attend and vote at, meetings). This is subject to any rights given to other holders by any legislation.
- 14.2 You can choose the order in which the names appear in our records. Any change in the order will happen when our records are actually changed. We will make the change within a reasonable time after you tell us about it.
- 14.3 For tax purposes only, we will treat joint account holders as being entitled to the money in the account in equal shares. This does not affect the operation of Condition 14.4, which takes precedence.
- 14.4 Where one account holder dies, we will, on receipt of satisfactory evidence of the death, treat the surviving holder(s) as being entitled to the account. We do not accept accounts on any other basis. The other terms of the account will remain unchanged. (Under the Rules, joint accounts cannot be held by the holders as tenants in common.)
- 14.5 Withdrawals and other transactions on a joint account need the signatures of all account holders, unless all of them have authorised us to accept the signature of any one of them or (if there are more than two holders) any combination of them.
- 14.6 Any authorisation given under Condition 14.5 can be stopped by any account holder.
- 14.7 If we have reason to think that there is a dispute between account holders we may (but will not be obliged to) require the signatures of all account holders, despite any authorisation that has been given to us previously under Condition 14.5.
- 14.8 If there is a relationship between the account holders which ceases, you will need to inform us if the account is to be closed or you want any name to be removed from the account. If you do not inform us then, even if we know about the relationship breakdown, we will continue to operate the account in accordance with the instructions that you have given us. This may mean that withdrawals and/or closure of the account will be permitted on one signature.
- 14.9 We may (in accordance with Condition 9.4) freeze the account if we have reason to think that there is a dispute in relation to the money in the account. However, we will not be obliged to do this, unless we are ordered to do so by a court.
- 14.10 Any correspondence relating to the account will be sent to the address of the first-named account holder, unless you instruct us otherwise.
- 14.11 The liability of joint account holders is joint and several. This means that each of you is separately responsible to us for the performance of all the obligations of the account holders, and not just a share of them.
- 14.12 We do not have to recognise the interest or claim of any person other than the account holder(s) in respect of any money held in the account (and we will not have any liability for failing to do so), except as may be required by law.

Further details about the rights and responsibilities of joint account holders are contained in the leaflet "You and Your Joint Account". A copy of this is available on request.

15 Transfers

Unless the special conditions for a particular account say otherwise, you may ask us to transfer your investment to another person. We do not have to agree to this and if we do agree, it may be subject to conditions and/or payment of a charge.

16. Unclaimed balances

16.1 If no payment into or withdrawal from your account is made:

- for a period of 10 years (where the amount in the account is less than £10 and we cannot trace you (after having made reasonable efforts to do so), then we may close the account and retain the money in it. However, if you contact us later (and provide any necessary evidence of identity) we will repay the money from the closed account to you, together with interest at a rate that we reasonably consider to be appropriate.

16.2 Condition 16.1 is subject to any rules that may be made under any legislation.

17. Account documents

17.1 We may issue you with a passbook, certificate or other similar document relating to your account. If we do:

- the document will belong to us;
- you agree to return it to us for updating, or for any other purpose we reasonably require;
- you agree to keep it safe, and to tell us as soon as you discover it has been lost or stolen; and
- the document must be produced to us before any withdrawal from the account is made.

17.2 We may issue a replacement for lost or stolen documents but this may be subject to payment of a charge and/or other conditions. These conditions may include:

- providing us with reasonable evidence of the loss or theft;
- notifying, and co-operating with, the police;
- restricting withdrawals from the account for a certain period from the date you notify us of the loss or theft; and/or
- signing any form of indemnity that we may reasonably require.

17.3 If someone other than you produces your account document to us, pretends to be you or authorised by you, and is therefore able to withdraw money from the account, you will be liable for the amount of any withdrawals if you have acted fraudulently and you may be liable if you have acted without reasonable care.

17.4 You should check your passbook regularly. If there is an entry which seems to be wrong, you should tell us as soon as possible, so that we can resolve the matter.

18. Changing these Conditions

- 18.1 We can change these Conditions and/or terms on which your account is held if we reasonably believe that the change is needed for any of the following reasons (which may relate to circumstances existing at the time or those which are expected to apply in the near future):
- to respond to changes in the law or the decisions of a court or ombudsman;
 - to meet relevant regulatory requirements;
 - to make the terms clearer or fairer;
 - to provide you with extra benefits or services;
 - to respond to new, or changes to, statements or codes of practice or industry guidance designed to enhance consumer protection.
- 18.2 Any change we make under Condition 18.1 will be proportionate to the circumstances giving rise to the change.
- 18.3 A change which is not to your disadvantage may be made immediately and without prior notice. We will tell you about the change within 30 days.
- 18.4 A change which is to your disadvantage will be effective only after at least 30 days' notice is given to you. At any time up to 60 days from the date of the notification you may switch your account or close it without having to give any period of notice or pay additional charges.
- 18.5 Notices under Conditions 18.3 and 18.4 will be sent by individual letter.
- 18.6 Except as stated in Condition 7.9, this Condition 18 does not apply to changes to interest rates or charges, which are dealt with in Conditions 7 and 8.
- 18.7 If we have made a major change or a lot of minor changes in any one year, we will give you a copy of the new terms and conditions or a summary of the changes.

19. Notices

- 19.1 You will be taken to have received any letter or other personal notice 72 hours after we have sent it to you.
- 19.2 If we, accidentally, fail to:
- send to you a communication intended for our investors generally or a category of investors of which you are one; or
 - display a notice at any of our offices
- this will not make the notice invalid.
- 19.3 If an error is made in a notice, but this is corrected shortly afterwards by a subsequent notice, the notice period will run from the date of the original notice.

20. Matters Beyond Our Control

We will not be liable to you if we are unable to provide any service in connection with your account because of strikes, power failures or other causes beyond our reasonable control.

21. Set Off

We may use the money in your account towards payment of any money that you owe us which is due for payment but has not been paid. We will notify you if we do this. No interest will be earned on money used in this way.

22. Companies, etc

- 22.1 If you are a limited company or other type of corporation, you will need to authorise officers to operate the account. We will also require evidence of identity and address for these persons.
- 22.2 Accounts in respect of unincorporated organisations, such as English partnerships and clubs, cannot be held in the name of the organisation. Accounts must be held in the name(s) of individuals on behalf of the organisation.

23. Law

These Conditions are governed by the laws of England and Wales.

24. Language

All communications between you and us will be in English.

Loughborough Building Society
Authorised and regulated by the Financial Services Authority
Entered in the FSA Register under registration number 157258
Principal Office: 6 High Street, Loughborough, Leicestershire, LE11 2QB

INFORMATION SECTION

How to contact us

You can contact us by:

- visiting or telephoning any of our offices listed in our literature;
- visiting our web-site at www.theloughborough.co.uk;
- emailing us at any of our office addresses listed.

Opening an account

To open an account with the Society, you will need to let us have:

- a completed application form
- at least the minimum investment amount for the type of account
- proof of your identity and your address
- HM Revenue and Customs form R85, if applicable (see below under "Tax")

Please note that we can refuse to open an account without giving any reason.

Identification requirements

We are required by law to check the identity and address details of all account holders. To do this, we need to see one document from each of the two lists shown below.

To confirm your name	To confirm your address
Current Signed Passport	Current Building Society passbook/statement
Full UK or EU Driving Licence*	Full UK Driving Licence*
Credit Card	Recent Bank/Credit statement
Armed Forces/Police ID Card	Council Tax bill/Mortgage statement
Professional Bodies ID card (with photograph) including self employed in the Construction industry	Recent Utility bill (must be within 3 months)
Known Employers ID card (with photograph)	Electoral Register check
Full Birth certificate	Firearms certificate*
Firearms certificate*	Telephone Directory check (including children by parent verification)
EU Nationals	Solicitor's letter
Benefit Book	Record of home visit
Inland Revenue Tax notification	

* for one purpose only

If you cannot provide one item from each list, please contact us for further guidance.

We will need to see the originals of the documents, except if they are sent to us by post. In this case we will accept photocopies as long as they are certified by a solicitor, banker or another professional person and we are provided with sufficient information to be able to contact that person.

If you already have an account with the Society, and the details we have about you have not changed, then we may not need to check your name and/or address.

We reserve the right to carry out any further checks on your identity if we think we need to do so in order to comply with our legal obligations. You will need to let us have additional evidence if you change your address.

As part of these checks, we may make searches with credit reference agencies.

Terms and conditions

The terms and conditions that apply to all our savings accounts are as set out in this booklet. Special conditions may apply to particular types of account and you will find these in our Savings leaflet.

Tax

Interest on your account will be paid 'net' (after taking off tax at the basic rate), unless you are entitled to receive it 'gross' and you complete and let us have HM Revenue and Customs Form R85. Even if interest is paid net, you may be liable to pay additional tax depending on your income. For further details, please see the booklet "Taxation of Building Society Interest", a copy of which is available on request.

If you are under 16, the Form R85 (if appropriate) must be completed and signed by a parent or guardian. On reaching the age of 16, a new Form R85 (if appropriate) must be signed by you. If we do not receive this, interest will be paid net of tax.

A tax certificate may be requested each year free of charge. A charge will be made if a duplicate certificate is requested.

Joint accounts

Unless the special conditions for a particular account specify otherwise, accounts can be opened in the names of two or more people. Although joint accounts can be convenient, it is very important that you understand the consequences of having an account in more than one name.

For further information, please ask for a copy of the leaflet "You and Your Joint Account" published by the British Bankers Association.

Data protection and confidentiality

Under data protection laws you have the right to see the personal records we hold about you upon payment of a fee. Please contact us at our Head Office if you wish to exercise this right.

Data held by us about you will be kept while you are a customer and may be held for six years after your relationship with us as a customer has ceased. You can always let us know if information we hold about you has changed, so that we can make sure it is updated.

We will treat all your personal information as private and confidential (even when you are no longer a customer). We will not give your details to anyone (even other companies in our group) unless:

- we have to give the information by law;
- there is a duty to the public to disclose it;
- you request us to disclose it, or we have your permission to do so; or
- our interests require us to give the information (for example, to prevent fraud).

Marketing of services

To help you keep up to date with our products and services, we may tell you about these. We may also tell you about another company's products or services. Should you not wish to receive this information you can let us know at any time.

We will remind you at least once every three years that you can ask not to receive this information. This reminder may be contained in the Summary Financial Statement or other literature that we regularly send you.

Customer service

The Loughborough has a proud record of customer service and fully supports the Banking Code. A copy of the Code is available on request.

There may be occasions when you feel you have a complaint in which case our staff will try to resolve the problem through our internal procedures. The Society is also a member of the Financial Ombudsman Service to which customers can appeal after internal procedures have been exhausted. Details of the Scheme are available upon request from any office of the Society. We will respond to your initial complaint in two working days and we will finalise any investigation within one month and notify you of our findings.

Financial Services Compensation Scheme

The Society is a member of the Financial Services Compensation Scheme. You may be entitled to compensation from this Scheme if we cannot meet our obligations.

Payments under the scheme are limited to a maximum £35,000 of an investor's total shares and/or deposits in the Society. Most investors are covered, including individuals and small firms.

Membership rights

Individuals holding share accounts with the Society are members of the Society and are bound by our Rules. You can get a copy of the Rules by asking at any of our offices.

The Rules set out the rights and obligations attaching to membership. While joint account holders are all members, only the first-named can exercise any membership rights (for example, the right to vote at meetings) arising from the account. Please see the terms and conditions for more details.

Branch closures

If we plan to close or move your branch, we will tell you at least eight weeks beforehand, and twelve weeks if yours is the last building society or bank branch within a one-mile radius by road. We will tell you how we will continue to provide services to you.

What you can do to protect your accounts

You can help prevent misuse of your account by:

- taking care of your passbook and other account information;
- letting us know as soon as possible of any change in your name, address or telephone number and sending your pass book(s) to us in order that we can update our records;
- checking your statements or passbook regularly;
- co-operating with us (or the police) in investigating transactions; and
- never giving your account details or security information to anyone unless you know who they are and why they need them.

Please also see Condition 17 of this booklet.

Cheques made payable to the Society must also include details of the account holder(s) or the account number (for example: "Loughborough Building Society, account J. Smith") otherwise we will not accept them for payment into an account. This is to protect against fraud.

Cheque Clearance

The central clearing cycle for cheques is 3 working days. Our normal practice is to allow withdrawals against a cheque 6 working days after it has been paid in. Interest on a cheque paid in will be calculated from the day after receipt. For more details, please see conditions 7.2 and 10 of the terms and conditions.

