

2012 No. 1882

NATIONAL DEBT

The Savings Certificates (Amendment) Regulations 2012

Made - - - - *16th July 2012*

Laid before Parliament *18th July 2012*

Coming into force - - *20th September 2012*

The Treasury make the following Regulations in exercise of the powers conferred by section 11 of the National Debt Act 1972(a).

Citation and commencement

1. These Regulations may be cited as the Savings Certificates (Amendment) Regulations 2012 and come into force on 20th September 2012.

Amendment of the Savings Certificates Regulations 1991

2. The Savings Certificates Regulations 1991(b) are amended as follows.

3. In regulation 2 (interpretation), in paragraph (1)—

(a) omit the definition of “the adjudicator”; and

(b) after the definition of “person who lacks capacity” insert—

““rolled-over certificate” means a certificate purchased before 20th September 2012 for which—

(a) a term was current on 19th September 2012; and

(b) that term has ended and a subsequent term has begun;

“term”, in relation to a certificate, means a specified period for which a rate of interest has been fixed for the certificate;”.

4. In regulation 3 (issue, purchase and recording of certificates)—

(a) in paragraph (1) after “at such places” insert “or in such manner”; and

(b) in paragraph (2) for “such documents and other information in writing” substitute “such information in such manner”.

5. For regulation 4 (persons entitled to purchase and hold certificates) substitute—

“4.—(1) Subject to paragraphs (3) to (6), a certificate purchased before 20th September 2012 may be held by any of the following persons—

(a) 1972 c.65; section 11 was amended by the Trustee Savings Banks Act 1976 (c.4), Schedule 6.

(b) S.I. 1991/1031; relevant amending instruments are S.I. 1992/2835, S.I. 1992/3115, S.I. 1993/3133, S.I. 1994/343, S.I. 1997/1859, S.I. 2000/3110 and S.I. 2007/1898.

- (a) any person who has attained the age of seven years;
- (b) a friendly society;
- (c) any other body of persons approved for the purpose by the Director of Savings, either generally or with respect to that particular purchase;
- (d) a trustee;
- (e) a person who purchased the certificate acting as a trustee on behalf of any other person.

(2) A certificate which was purchased by a person on behalf of and in the name of any person entitled under paragraph (1)(a), (b) or (c) of this regulation to hold a certificate is deemed to be held by the person on whose behalf it was purchased.

(3) A certificate which was purchased by a person acting as a trustee on behalf of any other person may be held jointly by that person and the person on whose behalf the certificate was purchased.

(4) Paragraph (5) applies to a certificate purchased before 20th September 2012 by or on behalf of a person who was, at the date of purchase, under the age of sixteen years, or by or on behalf of two or more such persons jointly.

(5) At the end of the term which is current on 19th September 2012 the Director of Savings must pay the amount repayable in respect of the certificate to a person entitled to receive it, by such means as the Director may think fit, unless—

- (a) in the case of a sole holder, the holder is at that time entitled under paragraph (7) to purchase and hold a certificate; or
- (b) in the case of joint holders, each of them is at that time entitled under paragraph (7) to purchase and hold a certificate.

(6) Where a certificate purchased before 20th September 2012 is held by a friendly society or other body of persons (whether solely or jointly with any person), the Director of Savings must pay the amount repayable in respect of the certificate to a person entitled to receive it, by such means as the Director may think fit, at the end of the term which is current on 19th September 2012.

(7) A certificate may be purchased and held by a person who has attained the age of sixteen years or by two such persons jointly.

(8) A certificate may be purchased on behalf of and in the name of a person who lacks capacity by that person's deputy, and any certificate so purchased is deemed to be held by the person on whose behalf it is purchased.

(9) A certificate may be purchased and held—

- (a) by a trustee; or
- (b) by a person acting as a trustee on behalf of any person who has attained the age of sixteen years.

(10) No certificate may be purchased under paragraph (9)(a), without the approval of the Director of Savings, which may be either general or limited to a particular purchase, if any beneficiary of the trust is a body of persons corporate or unincorporate.

(11) A certificate purchased under paragraph (9)(b) may be held jointly by the person acting as a trustee and the person on whose behalf the certificate is purchased.

(12) Where a certificate is held under this regulation by a trustee, the trustee may be described in the records kept by the Director of Savings as trustee of a specified trust or as trustee without specifying a trust.

(13) Where a certificate has been purchased on behalf of a person who was, at the date of purchase, under the age of seven years, the Director of Savings may, at any time after that person has attained the age of seven years, require a specimen of that person's signature.

(14) Part I of Schedule 1 has effect in relation to index-linked certificates issued before 7th September 1981.”.

6. In regulation 5 (maximum holding of certificates), in paragraphs (1) and (1A)—
- (a) for “regulation 4(2)” substitute “regulation 4(8)”; and
 - (b) omit “(whether solely or jointly with any person)”.

7. After regulation 5 insert—

“Interest

Accrual of interest

5A.—(1) In respect of a rolled-over certificate or a certificate purchased after 19th September 2012 interest accrues on a daily basis for as long as the certificate is held.

(2) The interest that accrues on any day is an amount equal to 1/365th of the value of the certificate on that day multiplied by the annual rate of interest (expressed as a percentage) which has been fixed for the current term of the certificate.”.

8. In regulation 6 (applications for repayment)—

- (a) in paragraph (1)—
 - (i) omit “in writing”;
 - (ii) omit the words from “Where repayment” to the end;
- (b) after paragraph (1) insert—

“(1A) An application under paragraph (1) may include a request for repayment to be made on a specified date if—

 - (a) the certificate concerned was purchased before 20th September 2012 and is not a rolled-over certificate; and
 - (b) the specified date, unless the Director of Savings otherwise agrees, is before the end of a period of two months starting on the date of the application.”;
- (c) in paragraph (2A) after “purchase price is made” insert “in respect of a money value certificate other than one to which paragraph (2B) applies”; and
- (d) after paragraph (2A) insert—

“(2B) Where, in accordance with the prospectus relating to any money value series, a partial repayment of the purchase price is made in respect of a certificate to which this paragraph applies (together with payment of such interest or bonus or other sum which may have accrued due in respect of the portion repaid under that prospectus), a record must be made available showing—

 - (a) the amount repaid;
 - (b) the value of the part of the certificate retained;
 - (c) the annual rate of interest applying to the certificate; and
 - (d) the date on which the current term will end.

(2C) Paragraph (2B) applies to—

 - (a) a money value certificate purchased after 19th September 2012, and
 - (b) a money value certificate purchased before 20th September 2012 from and including the anniversary of its date of purchase which falls after 19th September 2012 and before 20th September 2013.”.

9. After regulation 6 insert—

“Applications for early repayment

6A.—(1) In this regulation—

“payment date”, in relation to a relevant application, means the date on which payment is to be made in accordance with that application;

“relevant application” means an application for payment of the whole or any part of the amount repayable in respect of a rolled-over certificate or a certificate purchased after 19th September 2012, except—

- (a) an application made in the event of the death of the sole holder of the certificate;
- (b) an application by a trustee in consequence of the death of the sole beneficiary or the last surviving beneficiary; or
- (c) an application by a person who purchased the certificate acting as a trustee on behalf of any other person in consequence of the death of the person on whose behalf the certificate was purchased or the last such person surviving; and

“relevant year”, in relation to a rolled-over certificate or a certificate purchased after 19th September 2012, means the period of 12 months—

- (a) which begins on the date of purchase of the certificate or, if the certificate has been held for 12 months or more, the last anniversary of that date; and
- (b) in which the payment date falls.

(2) Subject to regulation 6B, this regulation has effect where—

- (a) a relevant application is made; and
- (b) the payment date is on or before the last day of the term which is current on the date of the application.

(3) Where the relevant application is for payment of the whole amount repayable—

- (a) the amount that would be paid but for this regulation is to be reduced by an amount equal to the interest that has accrued for the period of 90 days ending on the payment date; and
- (b) in the case of an index-linked certificate, no amount is payable by way of index-linking for the relevant year.

(4) Where the relevant application is for payment of a specified sum which is part of the amount repayable—

- (a) the specified sum is to be reduced by an amount equal to the interest that has accrued on the specified sum for the period of 90 days ending on the payment date; and
- (b) in the case of an index-linked certificate, no amount is to be added to the value of the certificate by way of index-linking for the relevant year.

(5) In the case of a certificate which has been held for a period of less than 90 days starting on the date of purchase or on any anniversary of that date, this regulation has effect with the modification in paragraph (6).

(6) The reference to the sum that has accrued by way of interest for the period of 90 days ending on the payment date is to be read as a reference to the sum that would have accrued by way of interest for the period of 90 days starting on the date on which the certificate was purchased or the last anniversary of that date.

6B. The Director of Savings may decide not to reduce a payment and, in the case of an index-linked certificate, not to withhold the benefit of index-linking if the Director of Savings is satisfied that it would under all the circumstances be unjust to do so.”.

10. In regulation 7 (repayment warrants)—

- (a) in paragraph (1) for “warrant” substitute “crossed warrant”;
- (b) omit paragraphs (3), (4) and (6);
- (c) in paragraph (8) after the words “and where the holder has requested” insert “in accordance with regulation 6(1A)”;
- (d) in paragraph (9) omit the words “in relation to a crossed warrant”;
- (e) in paragraph (11) for sub-paragraphs (a) and (b) substitute “a warrant”.

11. For regulation 8 (amount repayable when proceeds reinvested) substitute—

“8. For the purpose of determining the amount repayable in respect of a certificate where the Director of Savings consents to a request under regulation 7(1)(c) relating to the use of the amount repayable, the payment of that amount is deemed to be effected on the date recorded by the Director of Savings as the date of purchase of the other certificate or security or, as the case may be, the deposit concerned.”.

12. In regulation 9 (repayment in case of persons under 7 years of age and persons who lack capacity), in paragraph (1) after “Subject to the provisions of this regulation” insert “and regulation 4(4) and (5)”.

13. In regulation 10 (repayment in case of certificate held by persons jointly)—

(a) in paragraph (1) after “joint holders” insert “, except a certificate in relation to which paragraph (1A) has effect,”; and

(b) after paragraph (1) insert—

“(1A) The joint holders of a rolled-over certificate or a certificate purchased after 19th September 2012 may, in a manner approved by the Director of Savings, authorise one of themselves on behalf of all of them—

(a) to make an application for payment of the amount repayable in respect of the certificate; and

(b) to receive the amount repayable.

(1B) Paragraph (1A) does not have effect in relation to—

(a) a certificate held by trustees; or

(b) a certificate held by persons who purchased it acting as a trustee on behalf of any other person.”; and

(c) in paragraph (2) after “of a certificate” insert “, other than a rolled-over certificate or a certificate purchased after 19th September 2012,”.

14. In regulation 13 (transfers and addition of names), in paragraph (3)—

(a) for “a written application” substitute “an application”; and

(b) after “except where the Director of Savings otherwise directs” insert “or the certificate is not issued in documentary form”.

15. In regulation 15 (payment without a grant of representation), in paragraph (2) for “sign a receipt therefor” substitute “confirm receipt of the payment, in such manner as the Director of Savings may approve,”.

16. In regulation 21 (forfeiture of certificates) insert at the end—

“(5) This regulation does not apply to a rolled-over certificate or a certificate purchased after 19th September 2012.”.

17. After regulation 21 (forfeiture of certificates) insert—

“Forfeiture of rolled-over certificates and certificates purchased after 19th September 2012

21A.—(1) The Director of Savings may, if the Director of Savings thinks fit, direct that a rolled-over certificate or a certificate purchased after 19th September 2012 is to be forfeited.

(2) The circumstances under which the Director of Savings may make a direction under paragraph (1) include the following—

(a) that the certificate was purchased, or is held, otherwise than in accordance with these Regulations; or

(b) that the Director of Savings reasonably suspects—

- (i) that the certificate is being held in connection with an illegal purpose; or
- (ii) that the purchaser or the holder or any person acting on the holder's behalf has provided false information to the Director of Savings.

(3) Where the Director of Savings directs that a certificate is to be forfeited under paragraph (1)—

- (a) a sum equal to the purchase price is payable to the holder; and
- (b) any other amount which was payable under the terms and conditions subject to which the certificate is held may be paid to the holder if the Director of Savings thinks fit.

(4) The Director of Savings may make any payment pursuant to paragraph (3) by such means as the Director of Savings thinks fit, which may include crediting the amount payable to an account in the name of the holder in the National Savings Bank.”.

18. In regulation 23 (rectification of mistakes), in paragraph (1) omit “in writing”.

19. Omit regulation 24 (settlement of disputes).

20. In regulation 27 (indemnity of Treasury, Director of Savings and officers) for paragraph (2) substitute—

“(2) Subject to regulation 28, where the payment of any amount repayable in respect of a certificate is made by relevant means to a person who is not entitled under these Regulations to receive it, the payment is deemed to have been made to a person who is so entitled if it was made—

- (a) in good faith and without negligence; and
- (b) in consequence of some act or omission on the part of a person who is so entitled.

(3) Subject to regulation 28, where the payment of any amount repayable in respect of a rolled-over certificate or a certificate purchased after 19th September 2012 is made by electronic transfer, neither the Treasury nor the Director of Savings is liable for—

- (a) any delay in the completion of the payment, if the delay is outside the direct control of the Director of Savings; or
- (b) any failure in the operation of any system through which the electronic transfer is conducted, if the failure is outside the direct control of the Director of Savings.

(4) In this regulation—

“electronic transfer” means a transfer of money by electronic or automated processes which do not involve the delivery and collection of a payable instrument, or the delivery of cash, to a bank or building society account to which payment is capable of being made by those processes; and

“relevant means” means—

- (a) in the case of a rolled-over certificate or a certificate purchased after 19th September 2012, payment by crossed warrant or by electronic transfer; and
- (b) in the case of any other certificate, payment by crossed warrant.”.

21. For regulation 29 (form of documents) substitute—

“Applications

29. The Director of Savings may refuse to accept an application required by these Regulations to be made in a manner approved by the Director of Savings if—

- (a) it does not include a statement of all particulars required to be given for the purposes of the application; or
- (b) it is required to be made in writing and is not signed by the person who is making the application.”.

22. In regulation 36 (application to the Channel Islands) omit paragraph (3)(g).

23. In Schedule 2, in paragraph 6(3) (operation of nomination), for “sign a receipt therefor” substitute “confirm receipt of the payment, in such manner as the Director of Savings may approve.”.

*Jeremy Wright
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16th July 2012

Two of the Lords Commissioners of Her Majesty’s Treasury

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Savings Certificates Regulations 1991.

Regulation 3 inserts new definitions. A rolled-over certificate is a savings certificate purchased before 20th September 2012 for which a new term has begun at any time after that date. A term is defined as the period for which a rate of interest has been fixed.

Regulation 5 amends provision for the purchase and holding of certificates.

A certificate held on 20th September 2012 by a person under the age of 16 may not be rolled over into a new term unless the holder has reached that age by the date on which a new term is due to begin. A certificate held on 20th September 2012 by a friendly society or other body of persons may not be rolled over into a new term.

From 20th September 2012 a certificate may be purchased by—

- (a) a person who is aged 16 or over or by two such persons jointly;
- (b) a trustee or two or more trustees;
- (c) a person or persons acting as a trustee on behalf of any person or persons aged 16 or over.

The approval of the Director of Savings is required for a purchase by a trustee if any beneficiary of the trust is a body of persons (whether or not it is incorporated).

Regulation 6 amends provision for maximum holding limits by omitting the requirement that a holder is to be treated as holding the full value of a jointly held certificate.

Regulation 7 inserts provision for the daily accrual of interest on rolled-over certificates and certificates purchased after 19th September 2012.

Regulation 8 inserts provision replacing, for certain certificates, the obligation to issue a replacement certificate following a partial repayment with an obligation to make a record available. The record must show the amount repaid, the value of the part retained, the annual rate of interest applying to the certificate and the date on which the current term will end.

Regulation 9 inserts provision for the imposition of a penalty where the holder of a rolled-over certificate or a certificate purchased after 19th September 2012 applies for repayment before the end of a term. The penalty is an amount equal to 90 days’ interest, and, if the certificate is index-linked, the loss of index-linking for the period of 12 months (starting on the date of purchase of the certificate or the last anniversary of that date) in which the application is made. In the case of a partial repayment, the interest component of the penalty is a proportionate amount. The penalty does not apply to specified descriptions of application or where the Director of Savings decides that it would be unjust to apply it in a particular case.

The effect of the amendments in regulation 10 is that payment of the amount repayable in respect of a savings certificate may not be made by uncrossed warrant.

The amendments in regulation 13 concern applications for payment of the amount repayable in respect of a rolled-over certificate or a certificate purchased after 19th September 2012 which is held in joint names. The joint holders, unless they hold the certificate in trust, may authorise one of themselves to apply for repayment on behalf of all of them. The joint holders may not authorise any other person to receive repayment on their behalf.

Regulation 17 inserts provision about the forfeiture of a rolled-over certificate or a certificate purchased after 19th September 2012. The Director of Savings may direct that a certificate be forfeited where the Director thinks fit. Where a certificate is forfeited, the Director of Savings must pay an amount equal to the purchase price to the holder and may also pay any other amount that was payable under the terms and conditions subject to which the certificate was held.

Regulation 19 revokes provision for the settlement of disputes. In consequence of the repeal of section 84 of the Friendly Societies Act 1992 (c.40.) disputes between the Director of Savings and the holder of a savings certificate can no longer be referred to an adjudicator appointed by the Treasury under that section.

Various amendments remove requirements relating to the issue of documents and for written communication between certificate holders and the Director of Savings, and make provision in connection with payment by electronic transfer.

An impact assessment has not been prepared for this instrument because no impact is foreseen on the costs of business or the voluntary sector.

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£5.75

E4026 07/2012 124026T 19585

ISBN 978-0-11-152735-1



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