

Nationwide offers chart-topping 5% savings deal in challenge to banks

Nationwide fired the first salvo in what could be a [savings](#) war by offering a market leading 5% interest rate on one leading account.

That puts pressure on the [banks](#) to follow suit. They are already facing anger from consumer groups who say they are quick to raise mortgage costs when [interest rates](#) rise, but slow to do the same on savings.

Nationwide will pay 5% on its FlexDirect current account on balances up to £1500 – up from 2% presently. Existing members who switch to this account will get £125 as a bonus, while new [customers](#) will get £100.

That's the first strategic move from new CEO Debbie Crosbie, who joined from TSB.

She is herself under some pressure after the size of her pay deal emerged. She is on a basic salary of more than £1 million and could get up to £3.4 million a year if targets are hit.

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She also gets £1.7 million over time in compensation for giving up possible TSB bonuses.

Nationwide, the UK's biggest building society, says it had to overhaul its pay structure to attract top talent following the departure of previous CEO Joe Garner.

It has more than 16 million members and made profits for the year of £1.5 billion. It will use those profits to differentiate itself from the banks, which have to reward shareholders it doesn't have.

Crosbie, 52, said: "Being able to offer highly competitive rates is one of the biggest benefits of mutuality. This market leading rate will help new and existing members make the most of their money, which is particularly important right now. The FlexDirect current account also has an introductory interest-free overdraft to give some peace of mind to those struggling financially and freeing them to focus on repaying other debts."

According to Moneysavingexpert, the top easy access savings account from Virgin Money is paying 1.56% interest.

Nationwide's 5%, while headline grabbing, is only available for a short period and comes with some conditions. That risks accusations from rivals that it is a gimmick rather than a serious plan.

In the past Nationwide has always argued that while banks offer top deals for short periods of time, over a lifetime it will always offer better savings and mortgage rates to members.