

Britannia Membership Reward

Payment rules and terms & conditions

Principles of the scheme

The Britannia Membership Reward scheme closed on 31 December 2009 and the final payment will be made to eligible customers by 31 March 2010. These are the rules and terms & conditions which apply to Britannia Membership Reward.

From 1 January 2010, Britannia customers who are members of The Co-operative Group will qualify for rewards on relevant Britannia products under The Co-operative Membership.

The Britannia Membership Reward is designed to reward customers for the contribution they have made to the continued success of Britannia's business, both during the period up to and including the 31 July 2009, when the Britannia business existed as Britannia Building Society, or during the period from 1 August 2009 until 31 December 2009 after the Britannia business was a trading division of The Co-operative Bank p.l.c.

Once registered for the reward, after an initial qualifying period and subject to these rules and terms & conditions, certain customers of Britannia were able to earn points each year between 1 January and 31 December. The allocation of points was based on the number and value of qualifying products held, and the number of years for which they had been a Britannia customer. Each year, the Board decided the amount to be paid out as the reward pool, and distributed this to customers in proportion to the number of points earned. Points awarded are detailed on page 6.

Who is eligible for the reward?

Only certain customers of Britannia are eligible to participate. In addition, Limited Companies and other Corporations are excluded, even where they are customers. We have also excluded customers whose only share account is an Isle of Man account because this is a non-UK account. Subject to this an eligible customer is a person who prior to 31 December 2007 and at 31 July 2009:

- had a share investment account with Britannia Building Society

OR

- was a borrower from Britannia Building Society in respect of an advance fully secured on land and/or property and has an outstanding balance in respect of such advance on 31 December 2009 to be entitled to BMR

OR

- was entered in the PSB register as the holder of Perpetual Subordinated Bonds

When points start to be earned

Customers who became members of Britannia Building Society prior to and including 31 December 2007 will have started to earn points once they had been a member of the Britannia Building Society for 2 consecutive 31 Decembers. Customers who were not a member of the Britannia Building Society on 31 December 2007 are not eligible to earn points.

Increasing points by being a customer for a long time (tenure)

When a customer has been an eligible customer of Britannia continuously for five years or more at the end of any year (including their time as a member of the Britannia Building Society), any points earned in that year will be increased by 50% (i.e. multiplied by one and a half).

When the customer has been an eligible customer of Britannia continuously for ten years or more at the end of any year (including their time as a member of the Britannia Building Society), any points earned in that year will be doubled.

The original product holding does not still have to be active, but product holdings must have been continuous.

Tenure applies to each customer not to an account. In the case of joint accounts the tenure for each customer applies separately.

Where the product was purchased from a company that has been acquired by Britannia, tenure will be calculated from the date the company was acquired by Britannia. For customers of other building societies that have merged with Britannia, tenure will be calculated from the date they became members of the original society.

For companies now part of Alba Life (previously Britannia Life), the earliest date that can be counted for FS Assurance products is 1 January 1990, for Crusader products is 1 January 1991, for Life Association of Scotland (LAS) products is 1 January 1994.

The reward pool

The reward pool will be divided by the total number of points earned by all the qualifying customers during the year to calculate the amount earned per point.

Maximum reward

The maximum reward that can be paid to any individual customer is £500 before tax in any year.

Minimum reward

All customers who became members of Britannia Building Society prior to 31 December 2007 are eligible to accumulate points. No reward will be paid to any member who earns less than 25 points in any year. Customers who are under 18 years old during the year they earn points, or who own a children's savings account in their own right, only need to earn 5 points to qualify for a reward payment. (Children's savings accounts qualifying for eligibility comprise the First Saver account, the Junior Save and Support accounts and the Child Trust Fund cash savings account.)

Joint accounts

The value of savings balances, mortgage advances or points for additional products will be split between each account holder.

Accounts in the name of someone looking after another's affairs - as Trustee, Agent, Nominee, Attorney, Receiver, Supervisor, Personal Representative, Administrator, Executor or similar

When someone holds an account on behalf of someone else as, for instance, a Trustee, Executor or Personal Representative, whilst they are not the account beneficiary they are normally regarded as the customer. In order to make sure that the account beneficiary gains from the scheme, any reward earned on such accounts will be paid directly to those accounts where possible. It will not be aggregated with any other personal reward earnings of the Trustee, etc. Any accounts which are transferred into the beneficiary's sole name will only earn points if the beneficiary has registered in their own right. However, please remember that if the trustee, etc is a company or other corporation, no reward will be paid because companies and other corporations are not eligible to participate in the scheme.

Accounts held as ‘re’, ‘per’ or ‘for’ where someone else’s name is shown first

These cases are similar to those described above, and will be treated in the same way.

Clubs or societies

Where the account is in the name of a club or society, the officials who are operating the account (such as the Treasurer) are normally regarded as the customer, and the reward will be calculated and paid directly to the account, where possible. If the club has two or more accounts, the reward earned on each account will be added together and paid into one account.

Commercial mortgages

If at least 40% of the property on which an advance has been secured is occupied by the owner as his principal residence, and the mortgage is recorded in the books of Britannia as a Class 1 Commercial Asset, these mortgages will not, for the purposes of the scheme, be treated as commercial mortgages, and will attract points. Mortgages on residential lets, are eligible to attract points.

When you will know how much you’ve earned

All payments will be made by 31 March. If you have earned more than £10 (before tax), a statement will be sent to you, showing the detailed calculations for your reward, and confirming the amount paid.

(Please note that the £10 limit is open to change dependant on point’s value).

Methods of payment

Where possible, your reward will be paid directly to one of your eligible Britannia accounts. However, if you do not have a suitable account then payment will be by cheque.

The reward cannot be paid directly to a Britannia mortgage account, to an external bank or building society account, or to anyone but the customer.

Payments of reward accrued from ISA and Child Trust Fund accounts can be made to the account without affecting your annual subscriptions.

Withdrawing a reward

Where payment is posted to an account requiring notice of withdrawal, this will be automatically set to allow you to withdraw all or part of your reward immediately. The notice will expire five calendar months after the payment date.

Paying tax on your reward

Before Britannia Building Society merged with The Co-operative Financial Services, the BMR payment was subject to tax at 20%. The only exceptions to this were accounts that are wholly tax-free (such as our ISAs and Child Trust Fund accounts).

As a result of the merger with The Co-operative Financial Services, the reward is taxed in a different way. Only reward earned on some accounts are now subject to tax. This means Britannia customers have saved £1.3 million that would previously have been deducted in tax.

The accounts now subject to tax are savings and investment accounts only (assuming that R85 is not registered to earn interest without paying tax). Note that reward paid on ISAs and Child Trust Funds remain exempt from tax. The table on the 'Your Britannia Membership Statement' will clearly show which, if any, of your reward has been paid free of tax and which parts have had tax deducted.

If a customer is registered as a non-taxpayer or is a 10% taxpayer, they may reclaim any tax paid / overpaid in their reward from HM revenue & Customs. Britannia can provide you with a Section 975 certificate to support your claim. If you're a higher rate tax payer you'll have to pay additional tax on the Gross Reward Earned to cover the difference between the tax deducted and the higher rate tax due.

Closing an account or terminating membership of the Britannia*

If an account is closed, providing you remain an eligible customer of Britannia, the accrued reward on the closed account, to the date of closure, will be paid at the next normal payment date.

If an account is closed, and you no longer remain an eligible customer of Britannia (i.e. you have no other eligible accounts) the reward will only be paid where closure takes place after the end of the year to which the reward relates.

If your mortgage is in arrears

If you have any mortgage account that is in arrears by two monthly subscriptions or more, you will be suspended from the scheme, and no points will be allocated for any product holdings during your suspension. Points will only accrue when your mortgage is 'up to date', i.e. a payment shortfall of less than two monthly subscriptions.

If your home is repossessed because of mortgage arrears

If a mortgaged property is repossessed, any points earned to that date in respect of this or any product holdings of the parties to the mortgage will be forfeited.

If you have a joint mortgage, but pay all the subscriptions

This scheme is designed to share the reward amongst all account holders, regardless of who pays the subscriptions.

In case of death

Points earned up to the date of death will be paid upon receipt of a claim from the person(s) entitled.

New Britannia personal loans

If you have any Britannia personal loan which was taken out after 17 August 1998 that is in arrears by two monthly repayments or more, you will be suspended from the scheme and no points will be allocated for any product holdings until the loan is up to date. For the purpose of this scheme, “up to date” means less than two monthly repayments in arrears.

Britannia credit card

With effect from January 2005, to qualify for BMR points for use of the Britannia Credit Card you need to use the card a minimum of six times each year.

If you fail to make your minimum repayment for two months or more you will be suspended from the scheme and no points will be allocated for any product holding during your suspension. Points will only accrue when you have made your monthly minimum repayment.

Discrepancies

Discrepancies and non receipt of a reward payment must be notified within a period of 3 years to the reward year to which the payment relates.

Scheme rules revisions

The scheme details contained herein are applicable to the current reward year only.

Variations to certain details may apply for previous reward years. Details applicable to past reward years are available on request.

Basis of points allocation

Product group	Savings		Notes
Investment share accounts, PIBs and cash ISAs	1 point per £100 invested (nominal value for PIBS)		Maximum balance £22,000. This applies to each member's total savings. Points are based on the average monthly balance over the year (nominal value for PIBS).
Residential mortgages	5 points per £1,000 of your advance		Your mortgage advance is defined as the initial advance, plus any further advances and release of retentions, minus any capital repayments. A subscription must have been due on the mortgage during the reward years for it to be eligible to earn points. Maximum advance £110,000. Points are based on the average monthly balance over the year.
General insurance products†			Products offered free of charge will not earn points.
Buildings insurance	50 points		
Contents insurance	50 points		
Combined buildings & contents insurance	100 points		
Accident & sickness	25 points		
Unemployment	25 points		
Accident, sickness & unemployment	50 points		
Regulated products‡	Products sold prior to 01/01/00	Products sold after 01/01/00	Maximum of one product opened during the current year and one from a previous year to count for each product type. Reward points will be earned during any statutory cooling-off period.
Stocks and Shares ISAs (including former PEPs)	50 points	25 points	Product must be held in the member's own name to qualify for reward points. Products purchased through Britannia Life and Britannia Asset Management prior to 01/01/00 will earn 50 points. Ignis Asset Management products (formerly Resolution Asset Management and Britannic Asset Management) and Phoenix Life Limited products (formerly Britannic Assurance) sold through Britannia after 01/01/00 will earn 25 points. AXA Sun Life products sold through Britannia will earn 25 points. Stakeholder Child Trust Fund product is provided by The Children's Mutual through our partnership with AXA Sun Life.
Unit trusts/OEIC	50 points	25 points	
Pensions	50 points	25 points	
Investment	50 points	25 points	
Bond	50 points	25 points	
Endowments	50 points	25 points	
Protection	50 points	25 points	
Other regulated investments	50 points	25 points	
Stakeholder Child Trust Fund	-	25 points	
Life protection‡			Products provided by Liverpool Victoria until 14/01/05 and AXA Sun Life thereafter.
Term assurance	25 points		
Critical illness protection	25 points		
Income protection	25 points		
New Britannia personal loans‡			Joint holdings will earn an equal share of the points awarded for the loan and the 50 points for the Britannia payment care will be awarded to the first named policy holder.
Personal loan (only applies to loans taken out after 17/08/98)	50 points		
Britannia payment care	50 points		
Britannia credit card#			Points will be awarded to the principal card holder only - additional cardholders do not qualify for points. Reward points will only be received if the card has been used a minimum of six times each year. You can use the card in any of the following ways: Purchases of goods and services, cash advances, balance transfers or convenience cheques.
Credit card	25 points		
Credit card repayments cover	25 points		

N.B. All the above are subject to change at Britannia's absolute discretion. Adults must earn a minimum of 25 points in order to qualify for a reward payment. Children only need to earn 5 points. Points are only allocated pro rata on products indicated with†, others are paid on average monthly balances (including any month where the balance is £0). For joint product holdings the points are divided equally between each product holder. # Not sold after 2008

Terms and conditions

1. The Board of Directors of Co-operative Financial Services Ltd (the “Board”) shall determine such sum (if any) as it shall, in its absolute discretion, determine the aggregate amount to be set aside for BMR payments (the “reward pool”) for the 2009 financial year based on the financial performance of the business of the former Britannia Group.
2. Customers of Britannia who have appropriate tenure (see ‘when points start to be earned’ section) prior to the end of the year for which a distribution is made and who hold an eligible product on 31 December of that year are eligible to participate in the distribution of the reward pool (“reward qualifying customers”).
3. The Board shall, in its absolute discretion, determine a scheme (“the scheme”) for distribution of the reward pool amongst reward qualifying customers.
4. Britannia shall publish a list of products (“qualifying products”) the holding of which by reward qualifying customers shall qualify for points in accordance with the scheme.
5. The scheme, the list of qualifying products and basis of point’s allocation may be varied from time to time at the absolute discretion of the Board.
6. Details of the scheme and qualifying products shall be available on request to all customers of Britannia.
7. The reward pool for each financial year shall be divided by the total number of points awarded to reward qualifying customers and the entitlement of each reward qualifying customer ascertained by multiplying the result by the number of points awarded. The reward pool shall be distributed in accordance with the scheme.
8. Entitlements under the scheme shall be conditional only until such time as the reward pool is determined by the Board.
9. Payments under the scheme shall be made to reward qualifying customers in their capacity as eligible savings or borrowing customers (as appropriate).

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This information is correct at the time of writing (31/12/09).

All loans are subject to status and valuation.

**YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP
REPAYMENTS ON YOUR MORTGAGE.**

Britannia is a trading name used by The Co-operative Bank p.l.c., part of The Co-operative Financial Services.

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