



Treasury Committee

House of Commons, Committee Office, London SW1A 0AA

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David Duffy
Chief Executive Officer
Virgin Money
Via email

10 May 2023

Dear Mr Duffy,

Interest rates on instant access savings accounts

Following an oral evidence session with some of the retail banks and correspondence exchanged with them,¹ the Treasury Committee is currently looking at the wider market and in particular the interest rates earned by consumers on instant access savings accounts.

Virgin Money has reported:

- profits before tax of £595 million for the year 2022, an increase of 43 per cent on the £417 million in 2021, and
- a net interest margin (a measure of the difference between the interest Virgin Money pays to savers and the interest it receives from borrowers) of 1.85 per cent for the year 2022, an increase of 14 per cent, or 23 basis points, from 1.62 per cent in 2021.² Half yearly results for March 2023 show that net interest margin has risen further to 1.91 per cent.³

The Bank of England has increased the base rate from 0.25 per cent in January 2022 to 4.25 per cent currently. The interest rate on the Virgin Money 'everyday saver' account for deposits is 0.25 per cent. Please could you therefore answer the questions below:

1. How does Virgin Money determine how increases in the base rate are passed on to its savers?
2. Why is the interest rate on its 'everyday saver' account so much lower than the base rate?
3. How does Virgin Money communicate with its consumers, in particular those with large balances in their 'everyday saver' account, to make them aware of what could be more suitable, higher rate savings options available to them?

¹ <https://committees.parliament.uk/work/7262/retail-banks/publications/>

² <https://www.virginmoneyukplc.com/downloads/pdf/virgin-money-uk-plc-2022-annual-report-and-accounts.pdf>

³ [vm-interim-financial-report-2023.pdf](https://www.virginmoneyukplc.com/downloads/pdf/vm-interim-financial-report-2023.pdf) ([virginmoneyukplc.com](https://www.virginmoneyukplc.com))

We would be grateful for a response on these points by 24 May 2023. In line with our usual practice, we would expect to publish this letter and your response on our website.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'H-Baldwin'.

Harriett Baldwin MP
Chair of the Treasury Committee