



Savings Banks Act 1949

1949 CHAPTER 13

An Act to amend the law relating to trustee savings banks, to abolish naval savings banks, to extend the powers of the Postmaster General under section two of the Savings Banks Act, 1904; and for purposes connected with the matters aforesaid. [9th March 1949]

BE IT ENACTED by the King's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

1 Grants by trustee savings banks for benefit of other trustee savings banks

- (1) A trustee savings bank may, with the approval of the Commissioners, make a grant to the Commissioners of such amount as may be approved by the Commissioners, to be applied for the benefit of other trustee savings banks.
- (2) The Commissioners shall, as part of the Fund for the Banks for Savings, maintain a separate account known as the Mutual Assistance Account, and shall credit to that account any sums granted to the Commissioners under subsection (1) of this section ; and the Mutual Assistance Account shall carry the like interest as the account of a trustee savings bank in the, books of the Commissioners, and any interest credited to that account shall, for the purposes of the annual account to be prepare by the Commissioners under section seventeen of the Customs, Inland Revenue and Savings Banks Act, 1877, be treated as-interest credited to the trustees of savings banks.
- (3) The Commissioners, upon the application of the Association, may, if they think fit, debit the Mutual Assistance Account with any amount not exceeding that specified in the application, and credit that amount to the account in the books of the Commissioners of any trustee savings banks so specified.
- (4) In addition to the power conferred by subsection (1) of this section, a trustee savings bank shall have power, with the approval of the Commissioners, to make direct to another trustee savings bank a grant of such amount and on such conditions as may be approved by the Commissioners.

- (5) Any grant made by a trustee savings bank under any of the preceding provisions of this section may be defrayed either as current expenses of the bank or, with the sanction of the Inspection Committee, out of moneys standing to the credit of the bank in the Separate surplus fund.:
- (6) For the avoidance of doubt it is hereby declared that the power conferred by the last preceding subsection to defray grants as current expenses of the bank includes power to defray grants out of surplus moneys already accumulated, other than the moneys standing to the credit of the bank in the separate surplus fund.
- (7) The Commissioners may, at the request of a bank which makes a grant under this section, debit that bank's account in the books of the Commissioners with the amount of the grant and credit that amount in those books to the account of the bank to which the grant is to be made, or to the Mutual Assistance Account, as the case may be.

2 Release of loans to trustee savings banks

- (1) A trustee savings bank which has made an advance to another bank under section six of the Trustee Savings Banks Act, 1947, may release the whole or any part of the principal of and interest on the loan.
- (2) The Commissioners may, with the consent of the Treasury, release the whole or any part of the principal of and interest on any advance made by the Commissioners to a new trustee savings bank under section seven of the Savings Banks Act, 1929.

3 Limit on amount received for special investment

- (1) The Treasury may by order under this section limit the amount which may be received by a trustee savings bank from any person for special investment either in any one year or in the aggregate; but, save as aforesaid, there shall be no limit on the amount which may be so received from any person; and paragraph (b) of section ten of the Savings Banks Act, 1891 (which provides that the total amount to be invested in pursuance of section sixteen of the Trustee Savings Banks Act, 1863, on behalf of any one depositor shall not exceed five hundred pounds), is hereby repealed :

Provided that nothing in this subsection shall be construed as affecting paragraph (a) of the said section ten (which prohibits investments being made on behalf of a person who is not a depositor in the bank, to the extent of not less than fifty pounds).

- (2) An order under this section—
 - (a) may fix different limits as respects different classes of persons ;
 - (b) may provide that any limits fixed by the order shall have effect subject to any exceptions or exclusions specified in the order;
 - (c) may contain special provisions with respect to persons to whose credit there stand, at the date on which the order takes effect, amounts exceeding the limit fixed by the order;
 - (d) may contain such consequential and supplementary provisions as appear to the Treasury to be necessary for giving full effect to the order; and
 - (e) may be revoked or varied by a subsequent order.
- (3) The power to make orders conferred by this section shall be exercisable by statutory instrument, and a draft of every statutory instrument made under that power shall be laid before Parliament.

4 Extension of powers of investment of special investment funds

(1) In paragraph (b) of subsection (1) of section one of the Trustee Savings Banks (Special Investments) Act, 1934 (which permits the investment of special investment funds in securities charged on the Consolidated Fund which will mature for payment not later than thirty years after the date of the investment), for the word " thirty " there shall be substituted the word

“forty”.

(2) In the proviso to the said subsection (1) (which limits the total cost price of securities held under that section, with certain exceptions, to forty per cent. of the total liabilities of a trustee savings bank in respect of special investments) for the word " forty " there shall be substituted the word

“fifty”.

(3) Section two of the National Loans Act, 1945, is hereby repealed.

5 Power to borrow on security of special investment funds

A trustee savings bank may, with the approval of the Commissioners, borrow, whether by way of temporary loan or of overdraft from bankers or otherwise, on the security of the funds, or any part of the funds, held on account of special investments :

Provided that the reference in this section to special investments does not include any investment if the bank is not to be liable to repay to the depositor in cash the money received from him and applied in making the investment.

6 Provisions as to discontinuance of special investment business

(1) Where a trustee savings bank discontinues the business of making special investments

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(a) the like results shall follow as would have followed if, immediately before the discontinuance, every depositor had, in pursuance of a previous notice duly given in that behalf, withdrawn the whole amount which he is entitled to withdraw in respect of special investments and had immediately redeposited the amount withdrawn as an ordinary deposit with the bank ; and

(b) all assets and liabilities of the bank in respect of its special investment business, other than its liabilities to depositors, shall be deemed to be assets and liabilities in respect of ordinary deposits, notwithstanding anything in the enactments relating to trustee savings banks that restricts the investment of the funds of any such bank ; and

(c) the bank shall comply with any directions of the Commissioners as to the conversion of any of the assets referred to in the last preceding paragraph ;

and, save so far as the contrary is expressly provided by an order made after the passing of this Act under the proviso to subsection (1) of section one of the Savings Banks Act, 1920 (which relates to the limits of savings bank deposits), the amounts deemed to be deposited under paragraph (a) of this subsection shall be left out of account for the purposes of every order made under that proviso.

(2) Where a trustee savings bank discontinues the business of making special investments, the assets and liabilities thereof shall be valued as at the date of the discontinuance but without regard to the operation of subsection (1) of this section. For the purpose of

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the valuation, the value of any securities shall be calculated according to the current market price at the date of the discontinuance, or, in the case of securities for which there is at that date no current market price, shall be taken to be such amount as the Commissioners shall fix, having regard to the date of repayment of, and to the rate of interest payable in respect of, the securities, and the value, of any land or buildings shall be taken at such amount as the Commissioners shall fix.

- (3) If, on any such valuation, it appears that there is a deficiency, the deficiency shall be made good out of the guarantee fund under subsection (3) of section two of the Trustee Savings Banks Act, 1918, and, without prejudice to the generality of the provisions of that subsection, the deficiency, if and in so far as it exceeds the reserves of the bank in respect of ordinary deposits, shall be made good to the bank out of that fund.
- (4) If, on any such valuation as aforesaid, it appears that there is a surplus, an amount equal to the surplus shall be carried to the separate surplus fund and be treated as an amount-standing to the credit of a closed trustee savings bank, and the bank shall have no claim to the principal thereof or any interest thereon.
- (5) Where a trustee savings bank carrying on the business of making special investments is wholly closed or is ordered to be wound up, the bank shall for the purpose of this section be deemed to have discontinued the business of making special investments immediately before the closing or the commencement of the winding up, as the case may be.
- (6) In this section, expressions to which a meaning is assigned by section four of the Trustee Savings Banks Act, 1918, have the meanings thereby assigned to them.

7 Ancillary activities of banks

- (1) Any expenditure incurred by a trustee savings bank which, in the opinion of the Commissioners, is calculated to further the objects of the bank shall be deemed to be necessary expenses of the bank within the meaning of section two of the Trustee Savings Banks Act, 1863.
- (2) The power of a trustee savings bank or the Postmaster General under section two of the Savings Banks Act, 1904, to defray certain expenses of a penny savings bank having a deposit account with the bank or the Postmaster General, as the case may be, shall extend to any expenses of any such penny savings bank ; and accordingly in that section the words " incurred in obtaining necessary account books, stationery or similar articles, and in providing for the audit or inspection of the books and accounts of such penny savings bank " are hereby repealed.
- (3) In subsection (1) of section nine of the Savings Banks Act, 1929 (which enables a savings bank in certain cases to undertake any business which is, in the opinion of the Commissioners, of a nature ancillary to the purposes of the bank and calculated to encourage thrift and within the financial capacity of the bank), the words " of a nature ancillary to the purposes of the bank and " are hereby repealed.

8 Repayments to and receipts from depositors

Notwithstanding anything in paragraph 5 of section six of the Trustee Savings Banks Act, 1863, the rules of a trustee savings bank may, if the Commissioners approve, provide for payments to and by depositors being made at the office of another bank, whether that other bank is a trustee savings bank or not.

9 Orders under Savings Banks Act, 1920, s. 2 to be subject to annulment

Any order made under section two of the Savings Banks Act, 1920 (which section confers on the Treasury power to regulate within certain limits the rate of interest paid to trustee savings banks on their deposits), shall be subject to annulment in pursuance of a resolution of either House of Parliament.

10 Interest on sums withdrawn by banks

- (1) Where any sum is debited to the account of a trustee savings bank in the books of the Commissioners otherwise than in pursuance of a draft of the bank, the Commissioners shall pay or credit to the bank the interest on that sum up to the day immediately preceding the date of the debit.
- (2) Where, under the preceding subsection or under regulations made in pursuance of section sixteen of the Revenue Act, 1903, as respects interest where sums are debited in pursuance of a draft of the bank, interest is credited to a trustee savings bank on the occasion of a debit being made to the account of that bank, the interest credited shall not itself carry interest until the twenty-first day of November or the twenty-first day of May next following the date as at which the interest is credited.

11 Keeping of ledgers, accounts, registers and minute books

- (1) Any ledger, book of account, register or minute book required by any provision of the Trustee Savings Banks Acts, 1863 to 1947, or by the rules of a trustee Savings bank, to be kept by a trustee savings bank, may be kept by making entries in a bound book or by recording the matters in question in any other manner.
- (2) Where any such ledger, book of account, register or minute book is not kept by making entries in a bound book but by some other means, precautions shall be taken to the satisfaction of the Inspection Committee for guarding against falsification and facilitating its discovery.

12 Repeal of certain enactments as to banks in Ireland

Sections twelve and fifty-one to fifty-four of the Trustee Savings Banks Act, 1863 (which contain certain provisions applicable only to banks in Ireland) are hereby repealed, and so much of any rules of any savings bank as is included therein for the purpose of giving effect to any of the said sections shall cease to have effect:

Provided that the repeal by this section of the said section twelve shall not extend the liability of any trustee or manager who before the passing of this Act has duly declared under the said section twelve that he is willing to be answerable for a specific amount only.

13 Construction of references to Trustee Savings Banks Acts, 1863 to 1929

Any reference in any Act to the Trustee Savings Banks Acts, 1863 to 1929, shall be deemed to be and always to have been a reference to the Trustee Savings Banks Acts, 1863 to 1920, and the Savings Banks Act, 1929, so far as it relates to trustee savings banks.

14 Expenses

There shall be paid out of the Consolidated Fund of the United Kingdom or the growing produce thereof any sums which fall to be so paid under section seventy-two of the Finance Act, 1947, in consequence of any provision, of this Act.

15 Abolition of naval savings banks

- (1) The Naval Savings Banks Act, 1866 (which authorises the establishment of naval savings banks) is hereby repealed.
- (2) All property held by the Admiralty at the date of the passing of this Act for the purposes of naval savings banks shall be held by the Admiralty for the benefit of Greenwich Hospital and any money required by the Admiralty for the purpose of meeting any claim established in respect of any deposit in any naval savings bank shall be defrayed as expenses of Greenwich Hospital.

16 Interpretation

In this Act, except so far as the contrary is expressly provided or the context otherwise requires, the expression "trustee savings bank" means a savings bank certified under the Trustee Savings Banks Act, 1863, or the trustees and managers thereof, as the context may require, and other expressions have the meanings assigned to them by section nineteen of the Savings Banks Act, 1929.

17 Short title, construction and extent

- (1) This Act may be cited as the Savings Banks Act, 1949.
- (2) This Act, except so far as it relates to the Postmaster General, shall be construed as one with the Trustee Savings Banks Acts, 1863 to 1947, and this Act and those Acts may be cited together as the Trustee Savings Banks Acts, 1863 to 1949.
- (3) This Act shall extend to the Channel Islands and the Isle of Man and shall be registered by the Royal Courts of the Channel Islands. TABLE OF STATUTES REFERRED TO IN THIS ACT

<i>Short Title.</i>	<i>Session and Chapter.</i>
Trustee Savings Banks Act, 1863	26 & 27 Vict. c. 87.
Naval Savings Banks Act, 1866	29 & 30 Vict. c. 43.
Customs, Inland Revenue, and Savings Banks Act, 1877	40 & 41 Vict. c. 13.
Savings Banks Act, 1891	54 & 55 Vict. c. 21.
Revenue Act, 1903	3 Edw. 7. c. 46.
Savings Banks Act, 1904	4 Edw. 7. c. 8.
Trustee Savings Banks Act, 1918	8 & 9 Geo. 5. c. 4.
Savings Banks Act, 1920	10 & 11 Geo. 5. c. 12.
Savings Banks Act, 1929	19 & 20 Geo. 5. c. 27.

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<i>Short Title.</i>	<i>Session and Chapter.</i>
Trustee Savings Banks (Special Investments) Act, 1934	24 & 25 Geo. 5. c. 37.
National Loans Act, 1945	8 & 9 Geo. 6. c. 23.
Trustee Savings Banks, Act, 1947	10 & 11 Geo. 6. c. 6
Finance Act, 1947	10 & 11 Geo. 6. c. 35.