

General Investment Terms and Conditions

& Other Important Information

May 2010

SECTION 1

General Investment Terms and Conditions

EFFECTIVE 1 MAY 2010

1 Introduction

- 1.1 These terms and conditions (referred to as the “Conditions”) apply to all investment accounts with the Society, except if they are inconsistent with special conditions for particular accounts (in which case, those special conditions will apply). The Conditions apply to successive operations or a series of operations of the same nature to be performed over time in respect of your accounts.
- 1.2 In the Conditions:
 - “the Society”, “we”, “us” and “our” refer to Furness Building Society;
 - “you” and “your” refer to holders of investment accounts; and
 - “working day” means a day other than a Saturday, Sunday or Bank Holiday.
- 1.3 If you are a company, other form of corporation, partnership or unincorporated body (such as a club), please refer to Condition 24.

2 Membership

- 2.1 If these Conditions apply to your account you will (except where the account is a deposit account) be a member of the Society and therefore our Rules will apply. However, these Conditions, or any relevant special conditions for a particular account, will override the Rules in case of any inconsistency. A copy of the Rules is available on request at any of our branches.
- 2.2 If you have a deposit account, you are not a member of the Society by virtue of that account. You are, however, bound by some of our Rules, including 4(4) to (7), 5, 6(1) to (3), 8(4) and (5), 12(5) and 45.
- 2.3 New investing members (from 1 October 1999) are subject to the Society’s Charitable Assignment Scheme, full details of which are set out in the investment account application form and the separate Charitable Assignment leaflet.

3. Opening an account

- 3.1 We will require satisfactory evidence of identity and residence before an account is opened. If we receive money without evidence of identity that is satisfactory to us, then we may return the money or retain it pending instructions from any relevant authority.
- 3.2 Once you have opened an account, you have 30 days after the contract is entered into to notify us in writing at either our Head Office or one of our branches that you want to change your mind. If you notify us within this time, we will help you switch to another of our accounts or (assuming we have received cleared funds) give you back your money together with any interest it has earned. We will ignore any notice period and any extra charges. Please note that this Condition 3.2 and the option to change your mind, do not apply to fixed rate accounts (other than a fixed rate cash ISA) or to branch based cash deposit Child Trust Fund accounts (in other words, not sold at a distance).

If you do not exercise your right to change your mind, you will continue to be bound by these terms and conditions and any special conditions that apply to the particular account.

- 3.3 Accounts are only available to persons permanently resident in the UK, Channel Islands and the Isle of Man.

4 Account details

- 4.1 The address that you provide in the application form for the account will be the registered address for you, and will remain the registered address for you until it is changed in our records.
- 4.2 It is your responsibility to notify us of any change of address. You should also notify us of any change of name and telephone number and email address (if you have told us you want to be contacted in this way). All notifications must be in writing.
- 4.3 You agree to produce evidence of any new name or address, if we ask to see it. If your account has a passbook, you must send or produce it to us so that we can note the change of details.
- 4.4 You agree to provide us with specimen signatures, if we ask for them.
- 4.5 If
- you lose your passbook; and
 - at or about the same time you notify us of a change of address,

then we will not allow any withdrawals from the account for a period of 7 days from the date we receive the notification. This is to protect you against possible fraud. After 7 days we will issue a new passbook and account number to you.

- 4.6 Your account will have a unique number. Please quote this in correspondence with us. You will also need this when paying money in or withdrawing it.

5 Minimum and maximum account balances

- 5.1 The minimum and maximum amounts that can be held in any particular account are set out in the special conditions for that account.
- 5.2 We can close an account if the amount in it is below the minimum for that account. We will give you at least 30 days' notice before doing this. During this period, you can pay in more money to bring the balance up to the minimum.
- 5.3 The overall maximum holding by any one person in respect of all accounts with the Society is £250,000.

6 Paying money into your account

- 6.1 Unless special conditions for a particular account specify otherwise, you can generally pay money into your account at any of our branches or agencies during our normal opening hours, or by bank transfer or post. However, for security reasons we do not recommend that cash is sent by post. Please see Condition 7.2 regarding when interest becomes payable. Branch and agency opening times vary.
- 6.2 If you arrange for money to be paid into your account by bank transfer or BACS, it is your responsibility to ensure that all your account details are provided correctly.

- 6.3 For security reasons, we reserve the right to refuse to accept large sums of money in notes or coins.
- 6.4 You can pay money into your account by standing order (although you will need to set this up with your bank). We cannot accept payments by direct debit.
- 6.5 Cheques made payable to the Society will only be accepted for payment into an account if they contain additional details (such as the name(s) of the account holder(s) or the account number), so that it is clear for whom the money is intended.
- 6.6 When paying in money by cash, you will need to produce your passbook or provide your account number.
- 6.7 Money paid into your account by cash or electronic transfer will be available for withdrawal immediately after we receive it, subject to Condition 9. Any sums received by us outside normal business hours or on a non-working day will be treated as having been received when we are next open for business on a working day. Please see Condition 11 below regarding cheques.

7 Interest

- 7.1 We will tell you the interest rate that applies or, if there is more than one, the interest rates that apply to your account (and when interest is paid or credited) when you open it. This information is also available:
- in our current interest rates leaflet;
 - on our website;
 - on our telephone helpline;
 - by asking our staff at our branch or agency offices; and
 - by looking at notices in our branch or agency offices.
- 7.2 On our accounts we generally:
- calculate interest on a sum deposited in cash, cheque or by electronic transfer (including a transfer from another account held with the Society) from the day we receive it. Any sums received by us outside normal business hours or on a non-working day will be treated as having been received when we are next open for business on a working day.
 - calculate interest on a sum withdrawn up to and including the day before the day you make the withdrawal.
 - give you the choice of having the interest added to the account, paid into another account with us, or paid into your bank account

However, this may vary depending on the type of account. You should check the special conditions for particular accounts. Further details of how and when interest is payable is contained in our literature relating to particular accounts.

- 7.3 We will give you information regarding your account, as follows:
- to help you compare interest rates on our different accounts, we will send you, at least once a year, a summary of these accounts (including accounts no longer available) and their current interest rates.
 - we will tell you, at least once a year, about the different rates that have applied to your account during the year and any changes in the Bank of England base rate (unless we have already told you personally about these).

- 7.4 Subject to any special conditions that apply to particular accounts (for example, fixed rate or tracker accounts), we can change interest rates as set out in Conditions 7.5 to 7.8 below.
- 7.5 We may change interest rates at any time if we reasonably believe that the change is needed for any of the following reasons (which may relate to circumstances existing at the time or those that are expected to apply in the near future):
- (i) to respond to changes in the Bank of England base rate or mortgage or interest rates generally (including the interest rates paid on similar accounts by other providers of financial services);
 - (ii) to respond to changes in the law or the decision of a court or ombudsman;
 - (iii) to meet relevant regulatory requirements;
 - (iv) to respond to new (or changes to) statements or codes of practice or industry guidance designed to enhance consumer protection;
 - (v) to enable us to maintain the competitiveness of interest rates charged to our borrowers by us, while having regard to the interests of our investing members, in the interests of our business as a whole.
 - (vi) to enable us to harmonise, in a reasonable manner, the interest rates being paid to our investing members following any acquisition of investment accounts or any takeover, or merger with, another provider of investment accounts; or
 - (vii) it is necessary to maintain our financial strength in the interests of all our consumer customers.
 - (viii) to respond to changes in our costs, including administration costs and costs of providing services or facilities.
 - (viii) to respond to changes in interest rates generally offered by our competitors in the consumer savings' market.

Any change we make to interest rates will be proportionate to the circumstances giving rise to the change.

- 7.6 We can also change the rate or rates of interest for any valid reason (other than a reason mentioned above) where we reasonably believe the change is appropriate.
- 7.7 If we give you notice of a change in the interest rate or rates under Condition 7.6 then we will tell you that this is the case and, at any time up to the date the change comes into effect, you have the right to switch the account or close it without having to lose any interest or pay any additional charges.
- 7.8 Changes in interest rates may include the introduction or alteration of "bands" under which:
- interest is not paid where the amount in the account is below a certain level; and/or
 - different rates apply depending on the amount in the account.
- 7.9 When we change the interest rates on your account, we will update the information on our telephone helpline and our website within 3 working days. To help you compare rates, the old rate will also be available on our website and helpline.
- 7.10 Where:
- we increase an interest rate; or
 - we reduce an interest rate by not more than 0.25% (providing that the reduction, when combined with any other reduction that we have made to that rate in the reference period (please see Condition 7.12 (ii) below), does not result in a reduction of 0.50% or more);

If the account is of a type which we run mainly through our branches, we will tell you about the change by placing notices in our branches and on our website and in the North West Evening Mail and Lancaster Guardian newspapers, within three days of the change. Alternatively, we will tell you personally within 30 days of the change. If, due to circumstances beyond our control, either or both of the newspapers cannot be used, we will use our reasonable endeavours to place a notice in an alternative newspaper or similar publication which circulates in an area which reflects our membership. However, this will not affect the validity of the notice or of the interest rate change.

For any other type of account (please see Condition 7.12 (i) below) such as a postal, internet or telephone account, we will tell you personally within 30 days of the change

7.11 Where:

- we reduce an interest rate by more than 0.25%; or
- we reduce an interest rate so that the reduction, when combined with any other reduction that we have made to that rate in the reference period (please see Condition 7.12 (ii) below), results in a reduction of 0.50% or more;

If the account has a balance of more than £500, we will tell you about the change personally not less than 14 days before the change takes effect. You will then have a period of 30 days during which to close or switch your account, if you wish, without providing any notice or suffering any loss of interest

If the account has a balance of £500 or less and is of a type which we run mainly through our branches, we will tell you about the change by placing notices in our branches and on our website and in the North West Evening Mail and Lancaster Guardian newspapers, within three days of the change. Alternatively, we will tell you personally within 30 days of the change. If, due to circumstances beyond our control, either or both of the newspapers cannot be used, we will use our reasonable endeavours to place a notice in an alternative newspaper or similar publication which circulates in an area which reflects our membership. However, this will not affect the validity of the notice or of the interest rate change.

For any other type of account (please see Condition 7.12 (i) below), such as a postal, internet or telephone account, where the balance is £500 or less, we will tell you personally within 30 days of the change.

This condition will not, however, apply to:

- Interest rate tiers that apply to balances below the minimum balance for the account (providing that we have told you about the minimum balance requirements)

or:

- fixed rate or tracker accounts.

7.12 For the purposes of Conditions 7.10 and 7.11 above:

- (i) Postal, internet or telephone accounts can all be identified by their product names.
- (ii) The reference period will usually be the period of twelve months immediately preceding the date of the current rate change. However, where we have already notified you of a 0.50% or more reduction in the interest rate (whether by way of a single reduction or when combined with another reduction) in the preceding twelve month period, the reference period for the purposes of the current rate change will start on the date of that notification.

8 Account charges

- 8.1 We may make charges for items relating to your account. However we do not make any charges for the day to day running of your account.

- 8.2 Where the charge does not relate to the day to day running of your account we will tell you before we provide the product or service (except for charges in respect of unpaid cheques), or at any other time you ask. These charges are contained in our Service Charges leaflet.
- 8.3 Charges incurred will be debited to your account. We will notify you before we do this (except for charges in respect for unpaid cheques).
- 8.4 We can introduce or change the charges we make at any time if we reasonably believe that the change is needed for any of the following reasons (which may relate to circumstances existing at the time or those that are expected to apply in the near future):
- (i) to respond to changes to our costs, including our administrative costs;
 - (ii) to respond to changes in the law or the decisions of a court or ombudsman;
 - (iii) to meet relevant regulatory requirements.
 - (iv) to respond, to new (or changes to) statements or codes of practice or industry guidance designed to enhance consumer protection.
 - (v) to respond, to changes in technology
 - (vi) to make our charges operate more fairly between our consumer customers generally.
 - (vii) to respond to changes which we may reasonably make in the services we provide, including any new or improved service or facility available on your account.
 - (viii) to enable us to harmonise, in a reasonable manner, charges following any acquisition of investment accounts, or any takeover of, or merger with another provider of investment accounts; or
 - (viii) it is necessary to maintain our financial strength in the interests of all our consumer customers.
- Any change we make to our charges will be proportionate to the circumstances giving rise to the change.
- 8.5 We can also change the charges we make for any valid reason (other than a reason mentioned above) where we reasonably believe the change is appropriate.
- 8.6 Except where the account is a fixed term account, and subject to Condition 8.9, we can also change the charges we make by notifying you personally not less than 30 days before the change comes into effect.
- 8.7 Changes may include the abolition or alteration of existing charges or the introduction of new charges.
- 8.8 Subject to Condition 8.9, if we introduce or increase a charge relating to the day to day running of your account under Condition 8.3 or 8.5 we will give you at least 30 days written notice before the charge comes into effect.
- 8.9 Where we make a change or introduce new charges in respect of transactions undertaken by BACS, bank transfer or any other form of automated payment we will notify you personally not less than 2 months before the change comes into effect.
- 8.10 If we give you notice of a change we make under Condition 8.2, 8.6 or 8.9 then we will tell you this is the case and at any time up to the date the change comes into effect, you have the right to switch the account or close it without having to lose any interest or pay any additional charges.
- 8.11 If you do not notify us that you object to a change before the date on which it comes into effect, you will be deemed to have accepted it.
- 8.12 There may be other taxes or costs that are not paid through us or charged by us.

9 Withdrawals and restrictions

- 9.1 Withdrawals may be made during our normal business hours on working days, subject to the special conditions for particular accounts and to our branch/agency withdrawal limits which are set out in the Other important Information section.
- 9.2 Before a withdrawal is made from your account by BACS, bank transfer or any other form of automated payment, this must be authorised by you by providing the relevant account document or account details and completing any necessary formalities to arrange such a payment on the account. In the event that a payment is not authorised in accordance with this condition 9.2 you may authorise the payment after it has been made by providing consent verbally or in writing to us. Authorisation to a transaction may not be withdrawn after it is received by us.
- 9.3 Where you wrongly identify the account number and sort code to which a payment should be made and the payment is sent to the wrong account, we will make reasonable efforts to recover the payment made but we will not be liable for any losses which may be incurred by you even where other details (such as the name of the account holder) which have been provided are correct. We may ask you to pay a fee to cover our costs of tracing the payment.
- 9.4 Unless initiated by a paper based authorisation process, funds paid by BACS, bank transfer or any other form of automated payment, will be debited from your account on the day we receive your authorisation and will clear in your account within 3 bank working days following receipt of your instructions. If your authorisation is received after 4.30pm then your request will be deemed for the purposes of this Condition 9.4 to have been received on the next working day. For paper based authorisations please add an additional bank working day. If the receiving account is with the Society, the payment must be received same day. You may request a same day CHAPS payment providing your written authorisation is received before 3pm. A fee is payable for this service and details can be found in our Service Charge Leaflet.
- 9.5 No withdrawal will be allowed:
- if it would cause the account to be overdrawn; or
 - from a passbook account, unless you produce the passbook at the time of withdrawal.
- 9.6 We may refuse to allow a withdrawal if we are not satisfied that we have the proper written authority for the withdrawal, in accordance with the mandate you have given us. A signed withdrawal form will be required in order to make a withdrawal. Please also refer to Condition 11.
- 9.7 We can restrict at any time the amount which can be withdrawn from any account.

We will only do this if:

- (a) we reasonably believe that there may be fraudulent activity or other financial crime affecting the account;
- (b) we are required to do so by any law, regulation or court order;
- (c) there is a dispute (which we reasonably believe may be genuine) about the ownership of, or entitlement to, the money in the account;
- (d) circumstances beyond our reasonable control prevent us from offering a normal service (such as in the event of terrorist threat, computer systems failure or strikes); or
- (e) circumstances exist which lead us reasonably to believe our financial stability is under threat (such as where rumours cause actual or potential abnormal levels of cash withdrawals).

In the case of (d) and (e) above:

- (i) we will act proportionately to the circumstances in question;
- (ii) we will take all reasonable steps to ensure that the restrictions are lifted as soon as practical and to minimise the inconvenience to you;
- (iii) we will take into account the interests of the Society's membership as a whole;
- (iv) we will, if practical, give advance notice; and
- (v) we may consider exceptions to the restrictions if we are reasonably satisfied that substantial hardship would otherwise be caused.

Where the restrictions on withdrawals affect accounts generally, we will notify the restriction by notices on our website and in our branches. If the restriction affects your account only, we will write to you to notify you. You can contact us to discuss any restriction in person at any of our branches, or by telephoning us on 01229 824560

9.8 If a withdrawal is made by a cheque in favour of someone other than you, we will not stop payment of the cheque unless we have clear evidence of fraud, or that the cheque has been lost, stolen or destroyed. A replacement cheque will be issued the following day.

9.9 Please also note that:

- we will not send cheques to third parties by post
- we do not permit withdrawals to be made by direct debit or standing order.
- three working days must be allowed from transmission of a BACS payment from another provider before any withdrawal is requested from your account with the Society, as a BACS payment will normally take 3 days to reach the Society.

9.10 We may refuse to carry out or allow transactions on your account if, and for as long as, we are not reasonably satisfied as to the identity or authority of:

- (i) any person attempting to carry out the transaction;
- (ii) any person for whom you are acting;
- (iii) your parent, legal guardian or other adult opening/operating the account for you if you are under 18 years of age; or
- (iv) the lawfulness of the transaction; or
- (v) irrevocable clearance of any funds required to meet the transaction; or
- (vi) performance of the conditions or any special product specific conditions; or
- (vii) ownership of the funds or if there is a dispute regarding your account.

10. Refunds

10.1 If you become aware of a transaction undertaken by BACS, bank transfer or any other form of automated payment which has not been properly authorised or has been incorrectly executed on your account you must notify us either at one of our branches or by contacting us on 0800 834312.

10.2 You may be entitled to claim a refund in relation to transactions made by BACS, bank transfer or other automated payments if the transaction was not authorised or was incorrectly executed by us and we have received notification from you in accordance with Condition 10.1 above.

10.3 Any charges (including interest charges) which you may incur as a result of our incorrect execution will be refunded by the Society subject to the terms of this Condition 10.

- 10.4 The Society will not be liable where we can prove that the payee's bank or building society is at fault.
- 10.5 In the event of disputes arising between you and us in relation to transactions under this condition, the burden of proving fraud or negligence will lie with the Society.
- 10.6 Where we are liable for the incorrect execution of a payment by BACS, bank transfer or any other form of automated payment or where such a transaction was not authorised by you, we will restore your account balance to the state it would have been in had the payment not been made.

11 Cheques and uncleared funds

- 11.1 Subject to any special conditions for particular accounts, and to Condition 9, we will allow withdrawals against a cheque on the 6th working day after it has been deposited with us, provided we have not received notice that it has not been cleared. If a withdrawal is allowed on the 6th working day and we receive notification that the cheque has been returned unpaid on that day then we would require you to repay the funds and the Society's unpaid cheque charge if there were insufficient funds available in your account. For withdrawals after the 6th working day then the Society will not require you to repay funds if the cheque is subsequently returned unpaid unless:
- the cheque is not in sterling;
 - the cheque is drawn on a bank or institution outside the United Kingdom and without a UK sort code;
 - you agree otherwise;
 - you are knowingly a party to a fraud in respect of the cheque; or
 - the money is reclaimed from your account before close of business (5.00 pm) on the 6th day after it after it was deposited with us.

If a cheque or other item paid into your account is returned unpaid we will deduct from your account the amount of that cheque or item and any interest accrued or paid on that amount together with any charge incurred.

Cheques normally become out of date after 6 months and you should ensure that you pay any cheques into your account allowing sufficient time to clear before the end of the 6 month period.

- 11.2 For the purpose of Condition 11.1, the day of deposit of the cheque is the day it is paid in at a branch counter or the day we receive the cheque by post, except that in each case if the time of payment in or receipt by post (as the case may be) is not before 4.30 pm on a working day, then the day of deposit is the next following working day.
- 11.3 If a cheque is issued from your account by us at your request and is not used and is paid back into your account from which it was issued, no interest will accrue in relation to that money for the period between withdrawal and re-credit.
- 11.4 We will not 'cash' cheques.

12 Closing your account

- 12.1 You can close your account at any time, subject to any special conditions that apply to particular accounts and to normal administration requirements
- 12.2 We can close all or part of your account at any time without giving any reason, but (except in exceptional circumstances):

- we will give you at least 2 months' written notice
- we will not use this right to repay a fixed term investment before the end of the fixed term or if it would lead to you losing any tax benefit without compensating you for any loss of benefit; and
- we will not close your account, or threaten to do so, as a response to a valid complaint that you have made.

The exceptional circumstances mentioned are:

- the relationship between you and us has irretrievably broken down (for example, you have been threatening or abusive to our staff)
- you have deliberately given us any false information in relation to your account;
- you were not entitled to open the account;
- you do not comply with any of your obligations under these terms and conditions, and do not put this right within a reasonable time of our asking you to do so;
- the contract between us is void or unenforceable at law; or
- we have a legal obligation to close the account.

12.3 If we close the account, we will pay interest at the agreed rate up to and including the date of repayment. We may make repayment by sending you a cheque.

12.4 If we close the account in full and make repayment to you, in person or by post, then you will have no further right or interest in the account.

13 Taxes

Where required by legislation, interest will be paid or credited after deduction of income tax at the appropriate rate. Please enquire at your local Branch or Agency or contact us on 0800 834312 for further details.

14 Joint accounts and trusts

14.1 If an account is held in more than one person's name, then only the holder whose name appears first in our records will be entitled to membership rights (such as the right to receive notices of, and to attend and vote at, meetings). This is subject to any rights given to other holders by any legislation.

14.2 You can choose the order in which the names appear in our records. Any change in the order will happen when our records are actually changed. We will make the change within a reasonable time after you tell us about it.

14.3 For tax purposes only, we will treat joint account holders as being entitled to the money in the account in equal shares. This does not affect the operation of Condition 14.4, which takes precedence.

14.4 Where one account holder dies, we will, on receipt of satisfactory evidence of the death, treat the surviving holder(s) as being entitled to the account. We do not accept accounts on any other basis. The other terms of the account will remain unchanged. (Under the Rules, joint accounts cannot be held by the holders as tenants in common.) If you have left your assets to a different person, that person will not get the monies held in your joint account as the law regards the money held in your joint account as belonging to the other account holder as well as you, and therefore it is not yours to leave in your will. If this is important to you and may cause a problem, then you should not open a joint account.

- 14.5 If any one of the joint account holders becomes bankrupt, the Society will freeze the account when notified.
- 14.6 Withdrawals and other transactions on a joint account need the signatures of all account holders, unless all of them have authorised us to accept the signature of any one of them or (if there are more than 2 holders) any combination of them. If we have this authorisation then any of the account holders can withdraw all the money in the account.
- 14.7 Any authorisation given under Condition 14.6 can be stopped by any account holder.
- 14.8 If we have reason to think that there is a dispute between account holders we may (but will not be obliged to) require the signatures of all account holders, despite any authorisation that has been given to us previously under Condition 14.6.
- 14.9 If there is a relationship between the account holders which ceases, you will need to inform us if the account is to be closed or you want any name to be removed from the account. If you do not inform us then, even if we know about the relationship breakdown, we will continue to operate the account in accordance with the instructions that you have given us. This may mean that withdrawals and/or closure of the account will be permitted on one signature.
- 14.10 We may (in accordance with Conditions 9.7 and 9.10) freeze the account if we have reason to think that there is a dispute in relation to the money in the account. However, we will not be obliged to do this, unless we are ordered to do so by a court.
- 14.11 Any correspondence relating to the account will be sent to the address of the first-named account holder, unless you instruct us otherwise.
- 14.12 The liability of joint account holders is joint and several. This means that each of you is separately responsible to us for the performance of all the obligations of the account holders, and not just a share of them.
- 14.13 We do not have to recognise the interest or claim of any person other than the account holder(s) in respect of any money held in the account (and we will not have any liability for failing to do so), except as may be required by law.
- 14.14 If any one of the joint account holders becomes mentally incapable, the Society cannot continue to operate the joint account without a Court of Protection order (England and Wales) which protects the rights of the mentally incapacitated person.
- 14.15 You can change a joint account to a sole account after opening with the written consent of all account holders. However if the first named account holder is being removed, the joint account will need to be closed and a new account opened in the sole name.
- 14.16 Each joint account holder is entitled to see all the information about transactions on a joint account. If this is not suitable then you should not open a joint account.
- 14.17 Each joint account holder can take or use all the monies held in the joint account. You can arrange between yourselves how the money is split but this is a private matter between you and would not affect the Society or the terms and conditions of your account.
- 14.18 Each joint account holder is separately responsible and together you are both responsible for any debt on the joint account, although passbook operated accounts, require the passbook to be present for any withdrawals and the Society does not operate overdraft facilities and therefore no debt should occur in normal circumstances.

15 Third parties and transfers

- 15.1 We will not be bound to recognise the interest or claim of anyone except you in or over the money in your account (unless we are required to by law) whether or not we may have notice of such interest or claim. We will not be liable to you in any way for not recognising any such interest or claim (unless we are required by law). For the avoidance of doubt nothing in these conditions shall confer or purport to confer on any third party any benefits or the right to enforce any terms or conditions in respect of your account(s) with us.
- 15.2 On proof of the death of any joint account holder, we will recognise only the survivor(s) as having any ownership of, or interest in the account and the survivor(s) shall be entitled to operate the account on the same terms.
- 15.3 We will observe a strict duty of confidentiality about your personal financial affairs and will only disclose information about your account(s):
- (i) where we are legally compelled to do so;
 - (ii) where there is a duty to the public to do so;
 - (iii) where our interests require us to do so; or
 - (iiii) where disclosure is at your request or with your consent.
- 15.4 Unless the special conditions for a particular account say otherwise, you may ask us to transfer your investment to another person. We do not have to agree to this and, if we do agree, it may be subject to conditions.

16 Incapacity or Infirmity

If it appears to us that you are suffering from mental disorder or that, through mental infirmity arising from disease or age, you are incapable of managing your affairs, we may give consent to any person appearing to have care of you or to be managing your affairs to withdraw all or any part of the amount in your account(s) with us. Such consent shall not be given in England and Wales until we have received notice of a Court of Protection order or other Court appointment document.

17. Unclaimed balances

- 17.1 We may close your account if:
- (a) you cannot be traced after reasonable enquiry; and
 - (b) for a period of 5 years (or 3 years if the amount in your account is less than £100) no money is paid into, or withdrawn from, your account

If you contact us at a later date and provide us with satisfactory proof of your identity, we will re-open the account and credit it with the amount we owe you in respect of the account (which will be equal to the balance that was in the account when we closed it, after adjusting it for the interest we would have paid and for any fees or charges we would have deducted if the account had remained open).

- 17.2 Condition 17.1 is subject to any rules that may be made under any legislation.

18. Account documents

- 18.1 We may issue you with a passbook, certificate or other similar document relating to your account. If we do:
- the document will belong to us;
 - you agree to return it to us for updating, or for any other purpose we reasonably require;
 - you agree to keep it safe, and to tell us in person at one of our branches or by telephoning us on 0800 834312 as soon as you discover it has been lost or stolen; and
 - the document must be produced to us before any withdrawal from the account is made.
- 18.2 We may issue a replacement for lost or stolen documents but this may be subject to conditions. These conditions may include:
- providing us with reasonable evidence of the loss or theft;
 - notifying, and co-operating with, the police;
 - restricting withdrawals from the account for a certain period from the date you notify us of the loss or theft; and/or
 - signing any form of indemnity that we may reasonably require.
- 18.3 If someone other than you produces your account document to us, pretends to be you or authorised by you, and is therefore able to withdraw money from the account, you will be liable for the first £50.00 of the unauthorised withdrawals. You will be liable for the amount of all withdrawals if you have acted fraudulently or you have, intentionally or with gross negligence, failed to take all reasonable steps to keep your account document or any personal account or security information safe. However, you will not be liable for any withdrawals after you have told us of the loss, theft or unauthorised use of your account document, unless you have acted fraudulently.
- 18.4 You should check your passbook regularly. If there is an entry which seems to be wrong, you should tell us as soon as possible, in person at any of our branches or agencies, or by telephoning us on 0800 834312, so that we can resolve the matter. Subject to Condition 18.3, we will be liable for unauthorised transactions on your account.

19 Transactional Information

If you require additional information about payment by BACS, bank transfer or any other form of automated payment on the account at any time this information is available by calling us on 0800 834312. You can request and we will provide you with the following information on any such payment:

- (a) details of the payments into and out of the account including a reference enabling you to identify the transaction (and, where appropriate, information relating to the payee);
- (b) the amount of the transaction;
- (c) any charges for the transaction; and
- (d) the date of the payment into or out of the account.

20. Changing these Conditions

- 20.1 We can change these Conditions and/or terms on which your account is held if we reasonably believe that the change is needed for any of the following reasons (which may relate to circumstances existing at the time or those which are expected to apply in the near future):
- (i) to respond, to changes in the law or the decisions of a court or ombudsman;
 - (ii) to meet relevant regulatory requirements;
 - (iii) to make the terms clearer or fairer;
 - (iv) to provide you with extra benefits or services;
 - (v) to respond to new (or changes to) statements or codes of practice or industry guidance designed to enhance consumer protection;
 - (vi) to respond to changes in technology
 - (vii) it is necessary to maintain our financial strength in the interests of all our consumer customers
 - (viii) to enable us to harmonise, in a reasonable manner, the conditions following any acquisition of investment accounts or any takeover of, or merger with, another provider of investment accounts.
- 20.2 Subject to Condition 20.6, we can also change these Conditions by notifying you personally not less than 30 days before the change comes into effect.
- 20.3 Subject to Condition 20.6, any change we make under Condition 20.1 will be proportionate to the circumstances giving rise to the change.
- 20.4 Subject to Condition 20.6, a change which is not to your disadvantage may be made immediately and without prior notice. We will tell you about the change within 30 days.
- 20.5 A change which is to your disadvantage and which is made under Condition 20.1 will be effective only after at least 30 days' written notice is given to you.
- 20.6 Where a change relating to the provision of these conditions deals with BACS, bank transfer or any other form of automated payment we will notify you personally not less than 2 months before the change comes into effect.
- 20.7 If we give you notice of a change under Condition 20.2 or 20.6 then we will tell you that this is the case and, for a period of 60 days from the date of the notice you have the right to switch the account or close it without having to lose any interest or pay any additional charges.
- 20.8 If you do not notify us that you object to a change before it comes into effect, you will be deemed to have accepted it.
- 20.9 Notices under Condition 20.5 will be sent by individual letter or e-mail (if you have told us that you want to be contacted in this way). Notices under Condition 20.4 may be given in this way, or instead be given by general notice in our branches and agencies, Head Office and web site in conjunction with two newspapers of our choice. The current newspapers we use are listed in our current interest rates leaflet.
- 20.10 This Condition 20 does not apply to changes to interest rates or charges, which are dealt with separately in Conditions 7 and 8.

20.11 If we have made a major change or a lot of minor changes in any one year, we will give you a copy of the new terms and conditions or a summary of the changes and tell you where you can find a full copy.

21. Notices

21.1 You will be taken to have received any letter or e-mail or other personal notice 72 hours after we have sent it to you.

21.2 If we, accidentally, fail to:

- send to you a communication intended for our investors generally or a category of investors of which you are one;

or

- display a notice at any of our offices

this will not make the notice invalid.

21.3 If an error is made in a notice, but this is corrected shortly afterwards by a subsequent notice, the notice period will run from the date of the original notice.

22. Matters Beyond Our Control

We will not be liable to you if we are unable to provide any service in connection with your account because of abnormal and unforeseeable circumstances such as strikes, power failures or other causes beyond our control.

23. Retention & Set Off

We have the right to retain and set off all money in any account(s) you have with us against any money you may owe to us (whether under a mortgage or loan, guarantee or otherwise) which is due for payment and has not been paid. Subject to us providing you with 7 days' notice, we may at any time withdraw from and use all or part of any monies held in any of your accounts with us:

- (i) to reduce the mortgage or guarantee amount; or
- (ii) in full or partial settlement of any debt you owe us or any other valid reason.

We may during the 7 day notice period not allow any transactions to be made on your account

24. Companies, etc

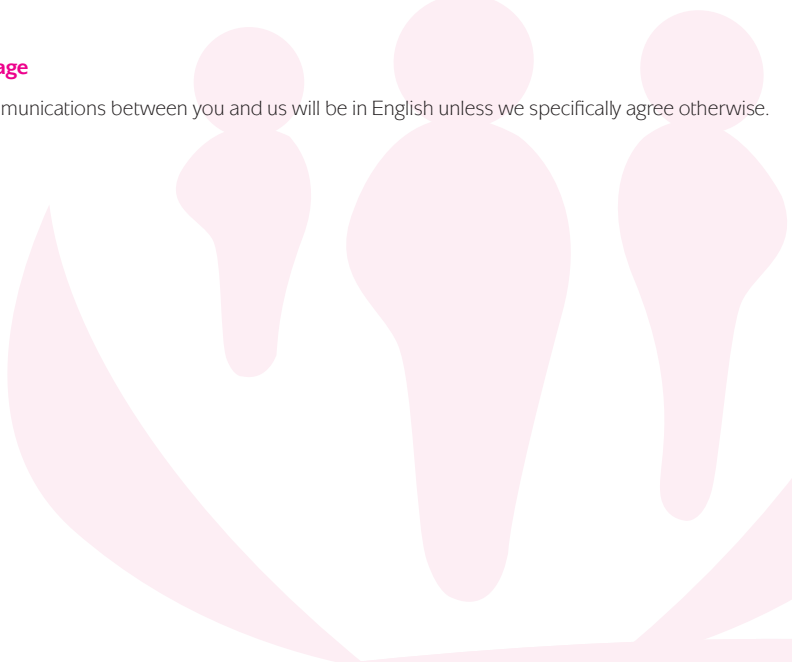
- 24.1 If you are a limited company or other type of corporation, you will need to authorise officers to operate the account. The application form has further details. We will also require evidence of identity and address for these persons.
- 24.2 Accounts in respect of unincorporated organisations, such as English partnerships and clubs, cannot be held in the name of the organisation. Accounts must be held in the name(s) of individuals on behalf of the organisation. The application form has further details.
- 24.3 If you are a limited company or other type of corporation, or an unincorporated association, then you must provide us with such information regarding your business and/or your constitution as we may reasonably request from time to time.

25. Law

These Conditions are governed by the laws of England and Wales. Those laws are also taken as the basis for the establishment of relations with you prior to the conclusion of any contract between us.

26. Language

All communications between you and us will be in English unless we specifically agree otherwise.



SECTION 2

Other Important Information

EFFECTIVE 1 May 2010

How to contact us

You can contact us by:

- visiting any of our branches listed on the back page of this booklet
- telephoning our helpline number 0800 834312
- visiting our web-site www.furnessbs.co.uk
- emailing us at ask@furness-bs.co.uk.

Please note that ways of contacting us may be restricted in relation to certain products. If so, this is mentioned in the terms and conditions of the particular account.

Opening an account

Before opening an account we believe it is important to establish your requirements, so that we can be sure we are opening the account which best suits your needs. To discuss your requirements simply call at any Furness Branch or agency where our staff will be pleased to help you. If you have already decided what type of account you wish to open, you may be able to obtain the relevant information and application form from our website www.furnessbs.co.uk. This does not apply to all of the Society's account types.

To open an account with the Society, you will need to let us have:

- a completed application form;
- at least the minimum investment amount for the type of account;
- proof of your identity and
- HM Revenue and Customs form R85, if applicable (see below under "Tax").

Please note that we can refuse to open an account without giving any reason. There will not be any contract between us until we have opened an account.

The maximum investment is normally £250,000 per individual (£500,000 in a joint account)

The Society may restrict from time to time the range of products which are available to new applicants outside of our normal Branch network operating area.

Identification requirements

We are required by law to check the identity of all account holders. To do this, we need to see the following:

If opening an account in a branch or agency (face to face) any one of the documents in list 1 is acceptable as evidence of identity.

Alternatively if opening an account through the post (non face to face) then two documents are required. One document from list 1 together with one document from list 2.

If you cannot provide one item from each list, please contact 0800 834312 for further guidance.

List 1	List 2
A current valid passport	A current council tax letter
National Identity card	Grant of probate
A current valid photocard driving licence (full or provisional)	A recent (last 3 months) bank or credit card statement
A current valid firearms certificate or shotgun licence	A recent (last 3 months) utility bill.
A valid (old style) driving licence-(must be accompanied by a second document from list 2)	
Recent evidence (last 3 months) of payment of state pension or other Government benefit/tax credit. (must be accompanied by a second document from list 2)	
ACCOUNTS FOR CHILDREN	
Provide one document from the list below for a child age 16 or under	
Child Trust Fund Voucher	
Birth certificate	
A current valid passport	
NHS Medical card	
A recent (last 3 months) Child benefit/Tax credit document	
National Insurance card (age 16 or 17 years)	

We will need to see the originals of the documents, except if they are sent to us by post. In this case we will accept photocopies as long as they are certified by a Solicitor, Banker, Accountant, Authorised Financial Adviser, Teacher, Doctor, Minister or Post Office Master and we are provided with sufficient information to be able to contact that person.

If you already have an account with the Society, and the details we have about you have not changed, then we may not need to check your name and/or address. Please enquire for further details.

We reserve the right to carry out any further checks on your identity if we think we need to do so in order to comply with our legal obligations, including electronic checks. We may ask you to provide additional evidence if you change your address or if you have not used your account for over 12 months. For further details, see the terms and conditions mentioned below.

As part of these checks, we may make searches with a credit reference or Fraud Prevention agency; this will include information from the Electoral roll. The agencies will record details of the search whether or not your application proceeds. Other lenders may share these searches in order to prevent fraud. Scoring methods may be used as part of this process.

We will keep a copy of the identity verification document(s) you provide. These records are required to fulfil our statutory obligations and will not be used for any other purpose.

General Investment Terms and Conditions

The terms and conditions that apply to all our investment accounts are set out in the first section of this booklet. Special conditions may apply to particular types of account. You will find them in the leaflets dealing with these accounts.

You have a right to obtain a copy of the terms and conditions that apply to your account at any time while it is open.

Charitable assignment

We require that, when you open an account, you must sign a declaration to agree to assign any future windfall benefits to which you might become entitled on any conversion or takeover to the Charities Aid Foundation. Please see the application form and our charitable assignment leaflet for further details.

This requirement does not apply to you if you have been a member of the Society continuously since 30 September 1999 or before.

Changing your mind

This section does not apply to fixed rate accounts (other than a fixed rate cash ISA), or to branch based cash deposit Child Trust Fund accounts (in other words, not sold at a distance).

If you open a new account and then change your mind, you have 30 days after the contract is entered into to notify us in writing at either our Head Office or one of our branches that you want to change your mind. If you notify us within this time, you can:

- Have your money back (assuming we have received cleared funds); or
- Switch to another available account

In this case, you will not have to

- Give any period of notice;
- Lose any interest on the account you are closing or;
- Pay any other charges

Tax

Interest on your account will be paid 'net' (after taking off tax at the basic rate), unless you are entitled to receive it 'gross' and you complete and let us have HM Revenue and Customs Form R85. Even if interest is paid net, you may be liable to pay additional tax depending on your income. For further details, please see the booklet "Taxation of Building Society Interest", a copy of which is available on request.

If you are under 16, the Form R85 (if appropriate) must be completed and signed by a parent or guardian. On reaching the age of 16, a new Form R85 (if appropriate) must be signed by you. If we do not receive this, interest will be paid net of tax.

Tax treatment depends on your individual circumstances and may be subject to change in the future.

Joint accounts

Unless the special conditions for a particular account specify otherwise, accounts can be opened in the names of two or more people (up to a maximum of 4). On request each party to an account can be sent separate statements at different addresses without charge. Although joint accounts can be convenient, it is very important that you understand the consequences of having an account in more than one name.

These are set out in Condition 14 of the General Investment Terms and Conditions.

Data protection and confidentiality

Under data protection laws you have the right to see the personal records we hold about you. You will have to pay a fee (currently £10) if you want to exercise this right. Please contact us at our Head Office for more details.

Data held by us about you will be kept while you are a customer and may be held for 6 years after your relationship with us as a customer has ceased. You can always let us know if information we hold about you has changed, so that we can make sure it is updated.

More details of the information we hold about you, and what we use it for, are contained in the application form.

We will treat all your personal information as private and confidential (even when you are no longer a customer). We will not give your details to anyone (even other companies in our group) unless:

- we have to give the information by law;
- there is a duty to the public to disclose it;
- you request us to disclose it, or we have your permission to do so; or
- our interests require us to give the information (for example, to prevent fraud). We will not use this as a reason for giving information for marketing purposes.

Please note that your telephone conversations with us may be recorded. If we record telephone conversations we will tell you at the beginning of the call.

Marketing of services

To help you keep up to date with our products and services, we may tell you about these. We may also tell you about another company's products or services. Should you not wish to receive this information you can let us know at any time. Our account application forms have boxes that you can tick to say you do not want to receive this information.

We will write to you at least once every 3 years to remind you that you can ask not to receive this information. This reminder may be contained in the notes to your annual statement or other literature that we regularly send you.

Complaints

We always try to provide a first-class service. Occasionally, however, things can go wrong. If they do, we'll try to put them right.

If you have a complaint you should where possible contact your local Branch (see the back page of this leaflet for Branch addresses) or call us on 0800 8343 12 or 01229 824560. You can also e-mail us at ask@furness-bs.co.uk or write to us at 51-55 Duke St, Barrow-in-Furness, Cumbria. LA14 1RT.

If we do not deal with your complaint to your satisfaction, you can refer it to the Financial Ombudsman Service. Details of this service are available on request at any of our offices.

Financial Services Compensation Scheme

Important information about compensation arrangements

We are covered by the Financial Services Compensation Scheme (FSCS). The FSCS can pay compensation to depositors if a building society is unable to meet its financial obligations. Most depositors – including most individuals and small businesses – are covered by the scheme.

In respect of deposits, an eligible depositor is entitled to claim up to £50,000. For joint accounts each account holder is treated as having a claim in respect of their share so, for a joint account held by two eligible depositors the maximum amount that could be claimed would be £50,000 each (making a total of £100,000). The £50,000 limit relates to the combined amount in all the eligible depositor's accounts with the building society, including their share of any joint account, and not to each separate account.

For further information about the scheme (including the amounts covered and eligibility to claim) please ask at your local branch, refer to the FSCS website www.FSCS.org.uk or call 020 7892 7300 or 0800 678 1100.

Accounts held by the following are not covered by the Financial Services Compensation Scheme:

- a large company
- a large partnership
- a large mutual association
- a local, provincial or municipal authority
- a credit institution
- an overseas financial services institution
- an operator or trustee of a collective investment scheme
- a pension and retirement fund or a trustee of such a fund
- a supranational institution
- a government, or central administrative authority
- a firm within the Society's group
- a person whose claim arises from transactions relating to a conviction they have received for money laundering.

Further details of exclusions from FSCS cover can be found on the Financial Services Authority website at <http://fsahandbook.info/FSA/html/handbook/COMP/4/2>

Membership rights

Individuals holding share accounts with the Society are members of the Society and are bound by our Rules. You can get a copy of the Rules by asking at any of our Branch offices.

The Rules set out the rights and obligations attaching to membership. While joint account holders are all members, only the first-named can exercise any membership rights (for example, the right to vote at meetings) arising from the account. Please see the terms and conditions (Condition 14) for more details.

Branch and Agency closures

If we plan to close or move your branch or agency, we will tell you at least twelve weeks beforehand, unless there are exceptional circumstances. We will tell you how we will continue to provide services to you.

What you can do to protect your accounts

You can help prevent misuse of your account by:

- taking care of your passbook and other account information and letting us know as soon as possible if your passbook is lost. The best way to let us know is by telephoning us on 0800 834312 or 01229 824560, or you can e-mail us at ask@furness-bs.co.uk.
- letting us know as soon as possible of any change in your name, address, telephone number or e-mail address (if this is how we communicate with you), or if you do not receive any information that you were expecting to receive from us;
- checking your passbook regularly; and checking your annual statement
- taking care when getting rid of information about your account (people who commit fraud use many methods such as "bin raiding" to get this type of information - you should take simple steps such as shredding printed material);
- co-operating with us (or the police) in investigating transactions; and
- never giving your account details or security information to anyone unless you know who they are and why they need them. Please also see Condition 18 in the first section of this booklet.

Customers with an investment account will receive an annual statement of account.

Cheques made payable to the Society must also include details of the account holder(s) or the account number (for example, Furness Building Society, account J Smith[†]); otherwise we will not accept them for payment into an account. This is to protect against fraud.

What you can do to protect your identity

Identity fraud (also called identity theft) is when a criminal pretends to be you. They may do this in order to buy things in your name that they never intend to pay for or to gain access to your accounts. It is very important to take action to protect your personal details.

Signs that you have become a victim of identify theft may include:

- unusual transactions
- important mail going missing
- contents of waste bins being tampered with
- bills arriving for items you have not bought
- changes to your credit status

To help you keep your information safe

- shred your personal information before throwing it away
- never give out your personal information when you could be overheard or unless you are entirely confident that you know who you are dealing with
- always keep important personal documents safe and out of sight at home, particularly your passport/driving licence/national insurance number
- ensure you tell your bank, building society, utility company, council tax etc when you move home
- always keep passbooks, cards, cheque books and pin numbers safe
- no bank will ever phone to ask you for a pin number
- make sure your letterbox is secure and post can get through and fall safely to the floor
- if you live in shared accommodation, ask your branch if you can pick up account passbooks or cards instead of having them sent
- regularly check your credit file with one of the three credit reference agencies

If you lose any important mail or documents, you should notify the following:

- your Bank/Building Society
- the Royal Mail helpline 08457 740740 or www.royalmail.com
- identity and Passport service www.ips.gov.uk
- the Driver and Vehicle Licensing Agency www.dvla.gov.uk
- local Police if you suspect a crime has been committed

We take the security and protection of our customer data very seriously and if you believe that your data has been compromised in any way, we urge you to contact us immediately, so that we can help you to take the appropriate steps to protect your accounts.

Cheque Clearing

The central clearing cycle for cheques (and automated payments, including those over the telephone or internet) is 3 working days. Our normal practice is to allow withdrawals against a cheque paid in on the 6th working day. The first working day commences the day after you make your cheque deposit into your account with the Society. This is because we are not a direct member of the UK clearing cycle and we are not notified when a cheque has cleared the system. The Society cannot guarantee that these funds have been cleared. Interest on a cheque paid in will be calculated from the day we receive it. For more details, please see Conditions 7.2 and 11 of the terms and conditions in the first section of this booklet.

Branch and Agency cash withdrawal limits

You will only be allowed to withdraw £750 in cash from your account in one day, from our Branches, or £250 in cash from our Agencies.

Third party withdrawals are further restricted to protect customers against fraudulent activity and in all cases of third party withdrawals, the passbook will be retained and returned in the post to the account holder after being updated with the most recent transactions.

Withdrawals of Interest

When interest is added to the account, this amount may be withdrawn without the usual notice or penalty, providing the withdrawal is made within 6 months of the interest being added. The interest must be taken as one withdrawal.

After the 6 month period, all withdrawals are treated as withdrawals of capital and subject to the normal terms and conditions. The Society does offer the option of having the interest paid out to your bank account, rather than being added to the account on most account types.

Please note some account types may not allow any withdrawals and you will need to check the specific terms and conditions of the account you wish to open.

Head Office

51/55 Duke Street
Barrow In Furness
Cumbria
LA14 1RT
Dx: 63922
Tel: 01229 824560
Fax: 01229 837043

Lancaster Branch

2 Lancaster Gate
St Nicholas Arcade
Lancaster
LA1 1NB
Dx: 63501
Tel: 01524 66221
Fax: 01524 34230

Preston Branch

8 Lune Street
Preston
PR1 2YX
Dx: 25268
Tel: 01772 253183
Fax: 01772 884842

Ulverston Branch

20 Newmarket Street
Ulverston
Cumbria
LA12 7LN
Dx: 63956
Tel: 01229 582924
Fax: 01229 582924

Bolton Branch

49 Bradshawgate
Bolton
Lancs
BL1 1DR
Dx: 24121
Tel: 01204 532806
Fax: 01204 526563

Liverpool Branch

18 Castle Street
Liverpool
L2 0NI
Dx: 14255
Tel: 0151 227 3453
Fax: 0151 236 2658

Millom Branch

6 Market Square
Millom
Cumbria
LA18 4HZ
Dx: N/A
Tel: 01229 773671
Fax: 01229 773671

Dalton Branch

84 Market Street
Dalton In Furness
Cumbria
LA15 8DJ
Dx: N/A
Tel: 01229 466685
Fax: 01229 466685

Grange Branch

9 Lowther Gardens
Grange
Cumbria
LA11 7EX
Dx: 63966
Tel: 015395 33745
Fax: 015395 33745

Poulton Branch

9 Queens Square
Poulton Le Fylde
Lancashire
FY6 7BW
Dx: 703316
Tel: 01253 892212
Fax: 01253 892135

Dalton Road Branch

216 - 218 Dalton Rd
Barrow In Furness
Cumbria
LA14 1PN
Dx: 63921
Tel: 01229 826291
Fax: 01229 834464

Furness Building Society is authorised and regulated by the Financial Services Authority and is entered in its Register under number 159624.

The Society is covered by the Financial Ombudsman Service and has a complaints handling procedure. A copy of the complaints handling procedure is available on request.

Complaints we cannot settle may be referred to the Financial Ombudsman Service.

A member of the Building Societies Association.

Eligible for investment by Trustees

Your call may be monitored or recorded to maintain a quality service.



Freephone **0800 83 43 12**

visit our website **www.furnessbs.co.uk**

Furness
BUILDING SOCIETY

Head Office:

51-55 Duke Street, Barrow-in-Furness, Cumbria LA14 1RT

Telephone: (01229) 824560

Facsimile: (01229) 837043