



Lord Barnet
House of Lords
LONDON
SW1A 0PW

30 March 2009

Dear Lord Barnet

I have been asked to reply to you directly on the Parliamentary Questions that you recently raised as follows:

'To ask Her Majesty's Government, under what authority the Post Office transferred personal savings accounts to Irish banks. HL2284

To ask Her Majesty's Government, under what authority the Post Office transferred savings accounts to Irish banks, whether savers were protected under the Financial Services Compensation Scheme. HL2285"

Post Office® offers a range of financial services, including personal savings accounts, with our partner, the Bank of Ireland, through our joint venture Post Office® Financial Services. That commercial joint venture was established in 2003 and has played a key role in expanding the range of products and services available through our branch network.

Prior to changes in both the UK and Irish deposit protection schemes last year, personal savings accounts provided by Post Office® Financial Services were protected by both the Irish Deposit Protection Scheme and the Financial Services Compensation Scheme. The first €20,000 of any deposit was covered by the Irish scheme and the Bank of Ireland also participated in the UK FSCS to 'top up' cover to the £35,000 maximum available at that time to savers in a UK bank. However, in September 2008 the Irish Government raised the cover under the Irish Deposit Protection Scheme to €100,000 and the FSCS advised the Bank of Ireland that 'top up' arrangements were no longer operating as that cover exceeded the revised £50,000 cover available to savers with UK banks. We wrote to all our customers to ensure that they are aware of the cover available to them under the Irish scheme. These events were of course outside Post Office Limited's control and did not involve any transfer of accounts.

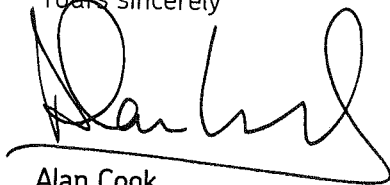
In addition to raising the cover provided by the Irish Deposit Protection Scheme the Irish Government has also provided an unlimited guarantee until September 2010 of deposits with all Irish banks.



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I hope that this explanation of the background to the changes to protection offered to our savings customers addresses your concerns. We remain committed to acting in the best interests of our customers and maintaining their trust in the products and services we offer.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Alan Cook', written over a horizontal line.

Alan Cook
Managing Director