Bank of England Rate hold may help borrowers, but savers remain the forgotten side of the economy, says easyMoney

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easyMoney empathises with savers today as the Bank of England's Monetary Policy Committee has again voted to keep the base rate at 4%. With inflation at 3.8%, this means that it is becoming increasingly difficult for the average saver to make real returns through High Street savings accounts which take inspiration from the central bank's base rate.

On the plus side, the rate hold means that mortgage holders will avoid further payment increases, and businesses can maintain stable financing costs – at least for now. Yet for every borrower celebrating, there's a saver quietly watching their purchasing power erode, and receiving virtually no attention from policymakers or media commentary.

This contrast reveals an uncomfortable truth about economic policy: savers have become systematically overlooked.

The one-sided conversation

Economic policy discussions consistently frame interest rates through a borrower lens. When rates rise, mainstream media coverage focuses on mortgage payment pressures and business financing challenges. Government intervention, lender forbearance schemes and regulatory attention follow promptly.

But savers experience the inverse problem. For years, households have been struggling to earn real returns with their cash savings, while inflation has remained stubbornly high, making it hard for the average British household to generate wealth from their savings.

The mathematics of neglect

The Bank's decision to hold rates at 4% reflects a view that current inflation running at 3.8% doesn't warrant further tightening. For savers earning typical returns of 3-4% on traditional easy access Cash ISA savings accounts, higher inflation represents a persistent wealth transfer.

For example, a couple with £50,000 in cash savings earning 3.2% annually will see their money grow to £51,600 nominally. But with inflation at 3.8%, their purchasing power declines.

This isn't a temporary anomaly but a structural feature of the current environment. Banks borrow from savers at 3%, lend to borrowers at 7-8%, and the margin is their revenue. Savers fund the entire lending system yet receive the least favourable terms in the arrangement.

Demographics matter

The forgotten saver problem particularly impacts retirees and pre-retirees who depend on their savings income to supplement their pensions. For this demographic, when inflation lags returns, it directly impacts on their living standards as their money gradually can't stretch as far as it used to, and there are limited ways to enhance their income.

Meanwhile, younger savers who are trying to raise a deposit for a first home face extended timelines as real returns remain minimal or negative. First-time buyers already struggling with property affordability find that even successful saving delivers disappointing progress toward their goals.

Both groups share a frustration - following conventional financial advice to save regularly and avoid excessive risk no longer delivers reasonable outcomes.

Alternative approaches

The absence of policy solutions means savers must take initiative themselves. And there are plenty of alternatives out there for frustrated savers and investors who are prepared to do a little more due

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diligence and take on additional risk in the search for higher returns.

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Moving forward

Until economic policy gives equal consideration to savers and borrowers, individuals must advocate for themselves. This means researching alternatives, understanding risk-return trade-offs, and constructing strategies that actually serve the interests of the average saver and investor, rather than banking sector margins.

The rate pause confirms what savers increasingly recognise: relief won't come from external policy shifts. Taking control means refusing to accept inadequate returns as inevitable.

**Capital is at risk. Past performance is no guarantee for future results.*

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

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