# CHAPTER 8

## An Act to amend the law relating to trustee savings banks.

[20th February, 1958]

BE it enacted by the Queen'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:—

Rate of interest payable to banks.

**1.**—(1) The maximum rate of interest which may be fixed by order of the Treasury under subsection (2) of section twenty-seven of the Trustee Savings Banks Act, 1954 (in this Act referred to as " the principal Act ") as the rate at which interest is to be paid or credited on sums standing to the credit of trustee savings banks in the Fund for the Banks for Savings shall be three pounds two shillings and sixpence per cent., instead of two pounds seventeen shillings and sixpence per cent.

(2) So long as there is in operation a scheme prepared by the Trustee Savings Banks Association and approved by the National Debt Commissioners for mutual assistance between trustee savings banks in the United Kingdom, the rate so fixed shall not apply to banks qualified to participate but not participating in that scheme, and in the case of any such bank the rate of interest under the said subsection (2) shall be such rate (not exceeding the rate so fixed) as the Treasury may from time to time direct, having regard in particular to the expenses of management of that bank.

(3) The interest to be credited to the mutual assistance account under subsection (2) of section fifty-three of the principal Act shall, notwithstanding subsection (2) of this section, continue to be credited at the rate fixed by order of the Treasury under

subsection (2) of section twenty-seven of that Act; and in addition to that interest there shall be credited to that account on the twenty-first day of each November and May a sum equal to that by which the interest credited to trustee savings banks for the preceding six months is reduced in consequence of subsection (2) of this section, and the sum so credited shall be treated as if it were interest credited to that account.

(4) The foregoing provisions of this section shall not apply to interest for any period before the twenty-first day of May, nineteen hundred and fifty-eight; but the interest to be credited to the mutual assistance account on that day shall be increased by such amount not exceeding three hundred thousand pounds as the Treasury may direct, having regard in particular to the previous limit on the rate of interest under subsection (2) of section twenty-seven of the principal Act.

(5) Notwithstanding subsection (2) of this section, the interest to be paid by the Commissioners to the account of the Minister of Transport and Civil Aviation on money representing deposits in seamen's savings banks under subsection (2) of section one hundred and forty-nine of the Merchant Shipping Act, 1894 (which requires interest to be paid at the same rate as on the money received from trustee savings banks), shall continue to be paid at the rate fixed by order of the Treasury under subsection (2) of section twenty-seven of the principal Act.

Powers of investing moneys received for special investment.

**2.**—(1) Subject to any regulations made in that behalf by the Treasury by statutory instrument and to the powers of control conferred on the Commissioners by section forty of the principal Act, the trustees of a trustee savings bank may invest moneys received for special investment in any such security as is mentioned in the First Schedule to this Act.

(2) Notwithstanding anything in the principal Act, the Commissioners may, on the application of the trustees of a trustee savings bank, authorise all or any of the moneys received by the trustees for special investment to be paid to and received by the trustees of another trustee savings bank for special investment, but subject to the following conditions:—

(*a*) a bank shall not be permitted to make a payment under this subsection if its total liabilities to depositors in respect of special investments apart from this subsection are more than one million pounds or if the amounts standing to its credit with other banks under this subsection would with that payment be more than two hundred thousand pounds;

(*b*) a bank shall not be permitted to receive a payment under this subsection if its total liabilities to depositors in respect of special investments apart from this subsection are less than four million pounds or less than ten times the amount which its total liabilities to other banks in respect of special investments under this subsection would attain with that payment;

(*c*) the terms of any investment by one bank with another under this subsection shall be stated in the application to the Commissioners and shall be such as may be agreed between the banks concerned, except that—

(i) the money shall be repayable by the bank receiving it on six months or some shorter notice, and on one month or some shorter notice if the trustees of the other bank certify that it is necessary for them to call in investments in order to meet an unusual demand on the bank; and

(ii) the rate of interest shall be not less than that from time to time allowed by the bank receiving the money on moneys which are received on the same date for special investment apart from this subsection and are repayable on one month's notice;

(*d*) a bank shall at any time withdraw any money invested by it or repay any money invested with it under this subsection if so directed by the Commissioners.

For the purpose of paragraphs (*a*) and (*b*) of this subsection the amount of a bank's liability to any person in respect of special investments shall be taken to be the amount for the time being standing to his credit in respect thereof in the books of the bank.

(3) The trustees of a trustee savings bank shall have power to deposit moneys received by them for special investment in a bank other than a savings bank, either on deposit account or on current account.

(4) Money received for special investment shall not be invested except in accordance with this section; and the trustees of a trustee savings bank shall not have power under subsection (2) of section eleven of the principal Act to receive money for special investment except by way of deposit repayable in cash and not otherwise.

(5) The provisions of this section and of paragraph (*a*) of subsection (2) of section forty of the principal Act as to the investment of moneys received for special investment shall be taken to apply to the investment of any moneys forming part of the assets held by a bank on account of special investments.

(6) In the principal Act, the sections or parts of sections specified in Part I of the Third Schedule to this Act are hereby repealed.

(7) Nothing in this section shall apply to or affect any investment made before the date on which regulations under subsection (1) first come into force, or any investment authorised by the Commissioners under section forty-one of the principal Act before that date.

Miscellaneous amendments as to management of Fund for the Banks for Savings.

**3.**—(1) The following provisions of the principal Act shall cease to have effect, that is to say,—

(*a*) section twenty-eight (which relates to the making to the Fund for the Banks for Savings of payments by a central bank on behalf of a branch);

(*b*) sections twenty-nine to thirty-one (which provide for the time and manner of crediting interest to banks in that Fund, and for withdrawals from that Fund);

(*c*) section thirty-eight (which provides for a bank's surplus arising from ordinary deposits to be carried in that Fund to a distinct account called the separate surplus fund).

(2) All sums credited to the account of a trustee savings bank in the books of the Commissioners shall carry interest (at the rate for the time being fixed for such of those sums as represent payments under section twenty-six of the principal Act) from the day at which they are credited to the account to the day preceding that at which they are debited to it; but no interest shall be allowed on any fraction of a pound of the balance for the time being standing to the credit of the account.

(3) The officer of the Commissioners shall, within six weeks from the twentieth day of each November and May, calculate the interest due on the said sums for the six months ending with that day, and that interest shall be credited to the account as at the following day (any fraction of a penny being disregarded); and within sixty days from the twentieth day of each November and May he shall issue, in a form approved by the Commissioners, a receipt signed by him for the amount of the interest so credited as if that amount had been a payment made by the trustees of the bank under section twenty-six of the principal Act on the twenty-first day of that month.

(4) The Commissioners with the concurrence of the Treasury may by statutory instrument make regulations as to the manner in which sums standing to the credit of the account of a trustee savings bank in the books of the Commissioners may be withdrawn, the manner in which payments may be made on any such withdrawal and the manner in which a valid discharge is to be given to the Commissioners for any such payment.

In section seventy-four of the principal Act, a reference to this subsection shall be substituted for the reference to section thirty of that Act.

(5) On the coming into force of this section, any money standing to the credit of a bank (other than a closed bank) in the separate surplus fund shall cease to be separated and distinguished from the other moneys standing to the credit of the bank in the books of the Commissioners, but the part of the separate surplus fund standing to the credit of closed banks shall continue to form a distinct account, to be called the " closed banks fund " ; and accordingly the principal Act shall be amended in accordance with the Second Schedule to this Act.

(6) In the principal Act, the sections or parts of sections specified in Part II of the Third Schedule to this Act are hereby repealed.

(7) In subsection (3) of section nine of the Finance Act, 1956 (which, in connection with the relief from income tax given to interest on deposits with savings banks maintained under local Acts, applies certain provisions of the principal Act to those banks), the reference to sections twenty-five to thirty-eight of the principal Act shall not include the provisions repealed by this section, but shall include a reference to subsections (2) and (3) of this section ; and for any bank or department of a bank for the time being certified under subsection (3) of the said section nine the Treasury may by order under that subsection make the like provision as may be made for trustee savings banks by regulations under subsection (4) of this section.

(8) This section shall come into force on the twenty-first day of May, nineteen hundred and fifty-eight ; but nothing in this section shall affect the operation of section thirty of or the Second Schedule to the principal Act until the coming into force of regulations under subsection (4) of this section, or affect the operation of subsection (3) of section nine of the Finance Act, 1956, in relation to a bank or department of a bank certified thereunder at the beginning of that day, until the coming into operation for the bank or department of an order made by virtue of subsection (7) of this section.

Amendments as to land and buildings, and as to advances out of closed banks fund.

**4.**—(1) The cost to a trustee savings bank of purchasing any land or erecting any building for the purpose of the bank under section ten of the principal Act may be defrayed out of—

(*a*) surplus moneys forming part of the assets of the bank in respect of ordinary deposits, including moneys received by way of advance or grant from another trustee savings bank, from the mutual assistance account or from the closed banks fund ;

(*b*) moneys applied for the purpose under section forty-five of the principal Act (which authorises the use of part of a bank's special investment surplus);

or partly in one way and partly in the other.

(2) The power of the trustees of a trustee savings bank under section ten of the principal Act to purchase land or erect buildings for the purpose of the bank shall include power to incur expenditure of a capital nature on the doing of work to land or buildings provided for the purpose of the bank, and any such expenditure shall be treated for the purposes of the principal Act and this section as incurred on the purchase of the land or erection of the building.

(3) Where the whole or part of the cost to a trustee savings bank of purchasing any land or erecting any building is defrayed out of an advance from another trustee savings bank, the repayment of the sum advanced and the payment of any sums payable under the terms of the advance by way of interest or otherwise to the bank making the advance may be secured by mortgage of or charge on the land or building; and in relation to moneys which by virtue of any such mortgage or charge ought to be paid to the trustees of the bank making the advance the reference to the custodian trustees in subsection (2) of section ten of the principal Act (which makes the receipt of the custodian trustees a good discharge for all moneys accruing from or in connection with a sale, exchange or lease) shall be construed as referring to the custodian trustees of that bank.

(4) If, in the case of a bank making special investments, the cost of purchasing any land or erecting any building is or has been defrayed partly but not wholly out of moneys applied under section forty-five of the principal Act, then the provisions of that section relating to the application of moneys accruing from or in connection with the sale, exchange or lease of land purchased or buildings provided under the section, and to the inclusion of the value of any such land or buildings in the annual valuation, shall apply to such part of the moneys or value referred to as appears to the trustees, with the approval of the Commissioners, to be referable on a just apportionment to the sums applied under that section.

(5) In the case of a bank making special investments, the whole or part of the cost of any land purchased or buildings erected for the purpose of the bank may, with the consent of the Commissioners, be transferred to or from moneys applied under the said section forty-five by applying a sum representing the whole or a proportionate part of the value of the land or buildings out of moneys available for the purchase of land under the said section forty-five or out of moneys otherwise

available for the purchase of land, as the case may be; and, in the case of a transfer from moneys applied under the said section forty-five, that sum shall be invested as if it were money received for special investment.

(6) For the purposes of sections fifty-two and seventy-five of the principal Act (which authorise advances to be made by a trustee savings bank or out of the closed banks fund for the purpose of providing for expenses in connection with the formation and the initial working of a new bank) expenses incurred in the purchase of land or erection of buildings for the purpose of a new bank shall be deemed to be incurred in connection with the formation and initial working of the bank.

(7) In subsection (1) of the said section seventy-five, after the words " the formation and the initial working of the bank ", there shall be inserted the words " and the Commissioners may also, after consultation with the Association, advance to the trustees of a trustee savings bank out of the closed banks fund such sums as the Commissioners think fit for the purpose of enabling the operations of that bank to be extended ".

(8) The amount for the time being outstanding in respect of advances from the closed banks fund under the said section seventy-five shall not be treated as forming part of that fund for the purposes of section forty-two of the principal Act (under which the fund forms part of the guarantee fund to provide for any deficiency arising in respect of special investments made by trustee savings banks).

(9) In this section " land " has the same meaning as in section ten of the principal Act; and any reference in this section to section forty-five of the principal Act includes, in relation to moneys applied before the coming into force of that Act, a reference to section eight of the Savings Banks Act, 1929.

Minor amendments as to management of banks.

**5.**—(1) Documents executed and things done (including those executed or done before the coming into force of this section) by the custodian trustees of a trustee savings bank in relation to property vested in those trustees for the bank, or on or in connection with the acquisition of property to be so vested, shall be conclusively presumed to be or have been executed or done by them by the direction and on behalf of the trustees of the bank.

(2) Any document to be executed by the custodian trustees of a trustee savings bank may be executed by any three in the name of all of them.

(3) Notwithstanding anything in section nine of the principal Act, on any amalgamation of two or more trustee savings banks which is to be effected not by merging with one of the existing banks the other or others of them, but by establishing a new bank, the special resolutions for the amalgamation shall appoint four of the trustees of the amalgamated bank to be the custodian trustees of that bank; and in subsection (1) of section fifty-one of the principal Act for the words " all the funds and property of the banks shall become vested in the amalgamated bank " there shall be substituted the words " all the funds and property of the banks, so far as not already vested in the custodian trustees of the amalgamated bank, shall become vested in them ".

(4) In subsection (2) of section ten of the principal Act (under which no purchaser, assignee or tenant is bound to inquire as to the authority for, or consent of the Commissioners to, any sale, exchange or lease by the trustees of a trustee savings bank) for the word " bound " there shall be substituted the word " entitled ".

(5) Subsection (4) of the said section ten (which makes unnecessary provision as to the effect of conveyances, etc.) shall cease to have effect, and is hereby repealed.

(6) In subsection (5) of the said section ten (under which a certificate of the Comptroller-General of the National Debt Office is conclusive evidence of certain matters connected with a purchase of land for a trustee savings bank) after the words " Comptroller-General " there shall be inserted the words " or Assistant Comptroller ".

(7) In subsection (3) of section twenty-two of the principal Act (under which, in the case of deposits by one person as trustee for another, receipts for repayments must be given by both of them in person or by agent appointed by power of attorney) for the words " or by agent appointed by power of attorney " there shall be substituted the words " or, unless the person giving the receipt is under the age of fourteen, by agent appointed in writing in a form approved by the trustees of the bank "; and accordingly subsection (4) of that section (which enabled a power of attorney to be given for the purposes of subsection (3) by an infant of or exceeding the age of fourteen years) is hereby repealed.

(8) In section eight of the Savings Banks Act, 1920 (which relates to the transfer of Government stock on the production of probate or letters of administration granted by a court in the Isle of Man or one of the Channel Islands), the expression

" savings bank authority ", in relation to stock inscribed or registered in the part of the Post Office register kept by the trustees of any trustee savings bank, shall include and be deemed always to have included the trustees of that bank.

(9) Where any payment is or has before the coming into force of this section been made or act done by the trustees of a trustee savings bank in accordance with the enactments and regulations relating to trustee savings banks for the time being in force, and in accordance with the rules of the bank, the trustees of the bank are hereby indemnified against all claims on the part of any person in respect of the payment or act, but any person may nevertheless recover any sum lawfully due to him from the person to whom the trustees of the bank have paid it.

Reckoning for superannuation of certain service with savings bank not certified as trustee savings bank.

**6.**—(1) Where an institution established as a savings bank (as defined in section one of the principal Act) is certified under that Act as a trustee savings bank, and a person is serving as an officer of the bank both immediately before and immediately after the time when it is certified, his service as an officer of the bank before that time may, to such extent as the Commissioners with the approval of the Treasury may determine, be reckoned for the purpose of sections sixty-four to sixty-seven of the principal Act (which relate to the superannuation of officers of trustee savings banks or of the Inspection Committee otherwise than under contributory schemes) as if it were a period of service as an officer of the trustee savings bank; and in section sixty-nine of the principal Act (which relates to contributory superannuation schemes) the reference in paragraph (*a*) of subsection (2) to the amounts which could be paid under the said section sixty-four shall be construed accordingly.

(2) In the foregoing subsection the reference to sections sixty-four to sixty-seven of the principal Act shall include any order modifying those sections under the Trustee Savings Banks (Pensions) Act, 1955, except in so far as the contrary is provided by any order made under the latter Act after the coming into force of this section; and any order under that Act modifying section sixty-nine of the principal Act may adapt the reference in the foregoing subsection to paragraph (*a*) of subsection (2) of section sixty-nine.

Increase in charge on Consolidated Fund.

**7.** There shall be charged on the Consolidated Fund of the United Kingdom any increase attributable to this Act in the sums payable out of the Consolidated Fund under section thirty-six of the principal Act.

Short title, extent, etc.

**8.**—(1) This Act may be cited as the Trustee Savings Banks Act, 1958, and this Act, the principal Act and the Trustee Savings Banks (Pensions) Act, 1955, may be cited together as the Trustee Savings Banks Acts, 1954 to 1958.

(2) It is hereby declared that this Act extends to Northern Ireland, and this Act shall also extend to the Isle of Man and the Channel Islands.

(3) In the principal Act, and in particular in the provisions of that Act relating to the interpretation of it, references to that Act or to any provision of it which is amended by this Act shall, except in so far as the context otherwise requires, be construed as including a reference to this Act, or as referring to that provision as so amended, as the case may be.

# SCHEDULES

## FIRST SCHEDULE

Section 2.

SECURITIES PERMITTED FOR SPECIAL INVESTMENTS

1. Securities of the following descriptions which will mature for repayment not later than forty years after the date of investment, namely—

(*a*) securities of which principal and interest are charged on the Consolidated Fund of the United Kingdom or of Northern Ireland, whether directly or by virtue of any guarantee;

(*b*) stock to which the Colonial Stock Act, 1877, as amended or extended by or under any subsequent enactment applies, being stock registered in the United Kingdom and included in the list kept by the Treasury under section two of the Colonial Stock Act, 1900;

(*c*) in the case of a bank in the island of Jersey or Guernsey, securities issued by the States of that island of which principal and interest are charged on the general revenues of the States;

(*d*) stock issued by any local authority in Great Britain or Northern Ireland or by any body incorporated to provide a water supply otherwise than for profit and having power to raise revenue by means of a rate, being stock for the time being authorised for the investment of trust funds under the general law of Great Britain and Northern Ireland or any part thereof;

(*e*) debentures or debenture stock of the Agricultural Mortgage Corporation or of the Scottish Agricultural Securities Corporation.

2. Loans to any local authority in Great Britain, Northern Ireland or the Isle of Man, being loans made repayable on six months or some shorter notice to the authority and secured on revenues raised by means of a rate.

In this Schedule any reference to raising revenue by means of a rate includes raising revenue by means of a precept, requisition or other document calling for a payment which is or can be raised ultimately out of a rate.

## SECOND SCHEDULE

Section 3.

AMENDMENTS CONSEQUENTIAL ON PARTIAL ABOLITION OF SEPARATE SURPLUS FUND

1. The following provisions referring to the separate surplus fund shall be omitted from the principal Act, that is to say, subsection (3) of section ten, subsections (2) and (3) of section fifty-two, subsections (5) and (6) of section fifty-three and subsection (2) of section sixty-four.

2ND SCH. —*cont.*

2. The words "the closed banks fund" shall in the principal Act be substituted—

(*a*) in paragraph (*b*) of subsection (2) of section forty-two for the words "such part of the separate surplus fund as stands to the credit of closed trustee savings banks";

(*b*) in paragraph (*a*) of subsection (3) of section forty-two for the words "the part of the separate surplus fund standing to the credit of the guarantee fund";

(*c*) in subsection (4) of section forty-three for the words "the separate surplus fund and be treated as an amount standing to the credit of a closed trustee savings bank";

(*d*) in subsections (3) and (4) of section fifty-five and in subsection (5) of section fifty-six for the words "the separate surplus fund";

(*e*) in subsection (1) of section seventy-five for the words "such part of the separate surplus fund as stands to the credit of closed banks".

3. In subsection (5) of section fifty-five of the principal Act for the words "out of money standing to the credit of the bank in the separate surplus fund" there shall be substituted the words "out of money which would otherwise be carried to the closed banks fund under this section".

Sections 2, 3.

## THIRD SCHEDULE

### PROVISIONS OF PRINCIPAL ACT REPEALED BY SS. 2 AND 3 OF THIS ACT

### PART I

*Provisions repealed by s. 2*

In section forty, subsection (3).

Section forty-one.

In section forty-two, subsection (4).

In section forty-three, subsection (6).

In section forty-four, the proviso.

### PART II

*Provisions repealed by s. 3*

In section ten, subsection (3).

In section twenty-seven, the words "from the day of payment" in subsection (2), subsection (3) from the beginning to the second "and" and subsection (5).

Sections twenty-eight to thirty-one.

Section thirty-eight.

In section forty-nine, in subsection (8), the words "whether involving the withdrawal of any part of the separate surplus fund under subsection (4) of section thirty-eight of this Act or not".

In section fifty-two, subsections (2) and (3).

In section fifty-three, subsections (5) and (6).

In section sixty-four, subsection (2).

In section eighty-one, the definition of "separate surplus fund".

The Second Schedule.

*Table of Statutes referred to in this Act*

| Short Title | Session and Chapter |
|---|---|
| Colonial Stock Act, 1877 ... ... ... ... | 40 & 41 Vict. c. 59 |
| Merchant Shipping Act, 1894 ... ... ... | 57 & 58 Vict. c. 60 |
| Colonial Stock Act, 1900 ... ... ... ... | 63 & 64 Vict. c. 62 |
| Savings Banks Act, 1920 ... ... ... ... | 10 & 11 Geo. 5. c. 12 |
| Savings Banks Act, 1929 ... ... ... ... | 19 & 20 Geo. 5. c. 27 |
| Trustee Savings Banks Act, 1954 ... ... ... | 2 & 3 Eliz. 2. c. 63 |
| Trustee Savings Banks (Pensions) Act, 1955 ... | 3 & 4 Eliz. 2. c. 12 |
| Finance Act, 1956 ... ... ... ... ... | 4 & 5 Eliz. 2. c. 54 |

PRINTED BY SIR JOHN ROUGHTON SIMPSON, C.B.
Controller of Her Majesty's Stationery Office and Queen's Printer of Acts of Parliament