

Mortgage insurers put up premiums sharply while making claimants wait longer

Mortgage concerns

Following a complaint from Which?, the Financial Services Authority (FSA) has warned mortgage providers not to make unjustified increases in the cost of mortgage payment protection insurance (MPPI). As unemployment has risen, insurers have put up premiums sharply and made claimants wait longer. At an industry conference, FSA chairman Lord Turner said: 'How many consumers would have taken up this cover if they had known that, at the very time they needed the protection the most, the price of it could significantly increase or the amount of cover decrease? This is an area where insurers must expect us to intervene to address poor consumer outcomes.'

Which? welcomes this. If you think your MPPI policy has changed unfairly and your provider hasn't addressed your concern, complain to the Financial Ombudsman Service. Visit www.which.co.uk/ppi for more.



40% PREMIUM INCREASE

Alison Morrison 39, London

Which? staff member Alison Morrison took out MPPI with Cardiff Pinnacle to cover the London flat she lives in with her husband Cedric and 11-year-old son Kori. The policy promised to pay out up to £1,500 a month if she became ill or lost her job.

But five months later, Cardiff Pinnacle wrote to say it was putting up Alison's premiums by 40% – from around £34 a month to around £48 – or she could opt for a lower level of cover. She could only afford to keep payments the same, so the cover fell to just £1,000 a month, leaving the family less well protected.

Alison said: 'I feel the insurer is using the recession to profiteer. It knows that people like me will keep up our cover at any cost.'

Cardiff Pinnacle claimed that policy changes were necessary as a result of rising claims.

Is it worth it?

Saga Platinum Visa Card

At a time when many credit card interest rates have gone up, Saga has cut its rate by 4%, to reflect the all-time low Bank of England base rate. Typical APR is now 11.9%.

New customers (who must be over 50), get a nine-month 0% interest deal on purchases and balance transfers.

Saga also promises 'a fairer deal', saying it pays off fees, charges and higher interest rate transactions before clearing debts on lower interest rates. And there's no foreign currency charge for purchases in Europe.

VERDICT The lack of currency charges in Europe make this card a Best Buy for holiday spending but, on other features, there are better deals to be had.

For example, several Best Buys have lower APRs, including Barclaycard's Simplicity Visa at 6.8%. And Virgin offers 16 months for 0% balance transfers, while Abbey offers 15 months. The fair order of payments is refreshingly different, however. Nationwide applies a similar scheme, though its typical APR is 16.9%.



Plan for 'blocked' cards abroad

Having your credit or debit card blocked while on holiday abroad because your bank suspects fraud can be frustrating – especially if it says it doesn't need notice of when and where you're travelling.

Capital One, Lloyds, Nationwide and RBS/NatWest say they don't need to know, while Abbey, Barclays, Co-op, HSBC, Halifax and MBNA expect to be told.

If your card is blocked, your bank should contact you immediately, so make sure it has your mobile number. But if it can't get through, it's you who has to ring up for reactivation,

so ensure you have your bank's number to hand. You might pay a lot for the call, though MBNA has a free-phone line.

Having another card – perhaps pre-paid – will make life easier if your first gets blocked.



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