

Facing delays for compensation from the CAA? Look to your credit card provider

XL victims' refund fight

When tour operator XL Leisure folded last September, 85,000 people were left stranded, and a further 240,000 found their advance bookings were no longer valid. The Civil Aviation Authority (CAA) ensured that holiday makers were able to return home, but those with advance bookings have faced a long and confusing wait for compensation. All packages should be covered by ATOL, but the CAA has been slow to pay out. Around half the claims have now been settled, but the CAA admits it could still be dealing with some a year after XL's collapse.

If your holidays cost more than £100 and you paid with a credit card, you are also protected by Section 75 of the Consumer Credit Act and can pursue a claim against your bank or card provider for compensation instead. Usually, claiming against your bank would be slower than taking action against a supplier, but for those experiencing long delays with the CAA, going to their card provider could be a more certain alternative.

COMPENSATION WAIT

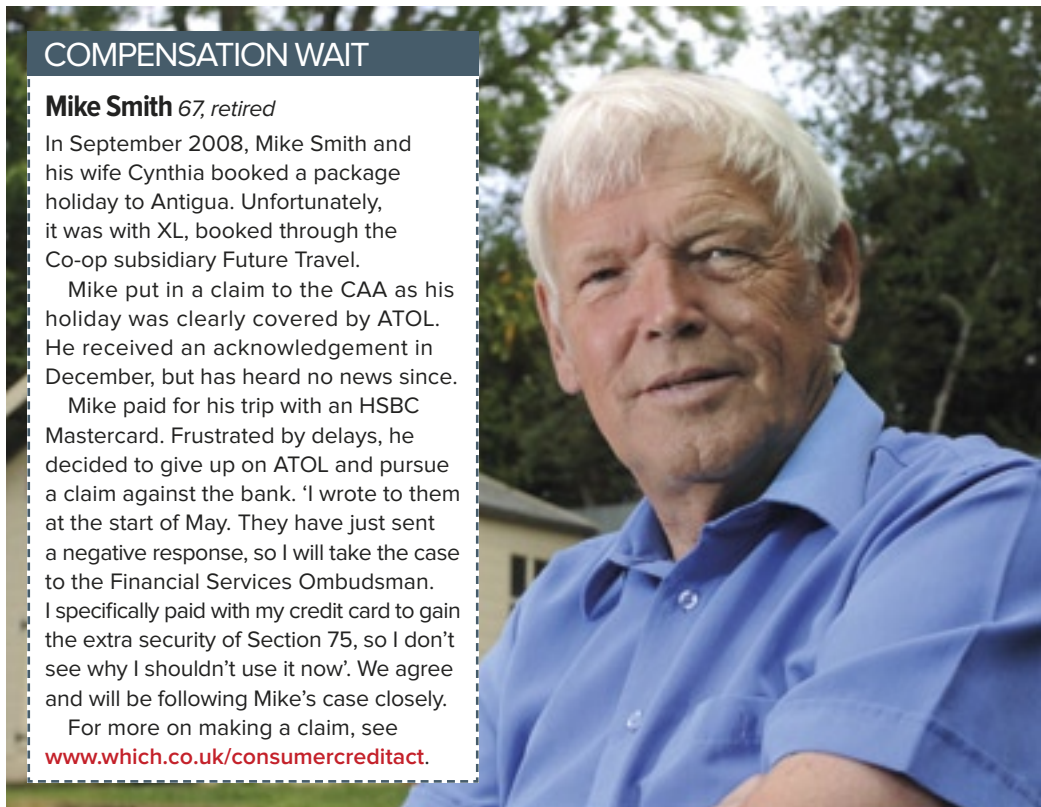
Mike Smith 67, retired

In September 2008, Mike Smith and his wife Cynthia booked a package holiday to Antigua. Unfortunately, it was with XL, booked through the Co-op subsidiary Future Travel.

Mike put in a claim to the CAA as his holiday was clearly covered by ATOL. He received an acknowledgement in December, but has heard no news since.

Mike paid for his trip with an HSBC Mastercard. Frustrated by delays, he decided to give up on ATOL and pursue a claim against the bank. 'I wrote to them at the start of May. They have just sent a negative response, so I will take the case to the Financial Services Ombudsman. I specifically paid with my credit card to gain the extra security of Section 75, so I don't see why I shouldn't use it now'. We agree and will be following Mike's case closely.

For more on making a claim, see www.which.co.uk/consumercreditact.



Is it worth it?

Abbey Zero credit card

Withdrawn earlier this year, the Abbey Zero credit card has been re-introduced for summer 2009, offering fee-free cash withdrawals for travellers. It charges no foreign exchange rate fee. This credit card has a typical APR of 18.9% for purchases, with an introductory 0% offer for the first three months. It offers a 0% balance transfer deal for 12 months, with a 3% fee.

VERDICT If you're going abroad this could be an ideal choice (make sure you let Abbey know before you go, or your card may not work). However, it's better to pay for

things by card than to make cash withdrawals, as these attract immediate interest at 27.9% APR, with no interest-free period. This is the same APR as Nationwide but higher than the Post Office, which charges 24.10%. It's also one of just two cards to never charge a 'load fee' – though Nationwide and Saga are both load-free in Europe.

The Abbey card stands out for its lack of a transaction fee for cash withdrawals from an ATM. Nationwide and the Post Office both charge 2.5% for this.



Impartial advice or sales pitch?



Prominent television adverts for NatWest's MoneySense service promised 'free, impartial financial guidance' through in-branch MoneySense Advisers. These were expressly described as 'not there to sell', but recent Which? findings suggest this may not always be the case.

Undercover researchers visited 20 branches in March and found that just four out of 20

provided impartial information without any sales pitch. Six advisers spoke exclusively about NatWest products, while a further 10 sessions ended with a customer service adviser promoting the bank's products.

The Advertising Standards Authority has now launched an investigation into NatWest's claim to be impartial.

Which? personal finance campaigns manager Doug Taylor said: 'If schemes like this are really to benefit consumers, more must be done to ensure that advisers are properly trained to provide truly impartial financial guidance.'

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