



Card ruling protects holidaymakers

New rights for credit card users abroad

MONEY

Shoppers using their credit cards abroad or on the internet now have the same protection as when they use them in the UK following a landmark legal ruling.

Section 75 of the Consumer Credit Act 1974 gives customers the right to get their money back from the card company if something goes wrong with goods or services they've bought on a credit card. This protection, which covers goods and services costing from £100 to £30,000, is useful if goods don't turn up, turn out to be faulty, or if the seller goes bust.

Which? credit card expert Mike Naylor said: 'This is great news and a major success for consumers. It means people are protected when they use their credit card anywhere in the world.'

Separately, credit card companies have been told by the Office of Fair Trading not to charge more than £12 for late payment and other penalty charges.

TAKE ACTION!

Consumer Credit Act

■ If you need to make a Section 75 claim against your credit card company, use our letter at www.which.co.uk/creditcardletter

Loophole in code of conduct leaves couple unprotected

Abta fails holidaymakers

TRAVEL

The Office of Fair Trading (OFT) has criticised trade association Abta for wriggling out of its obligations, following a holidaymaker's complaint.

As part of the association's code of practice, Abta should support consumers in fighting for a refund if one of its members fails to provide the holiday paid for.

But Abta cancelled one holiday company's membership for failing to provide annual accounts and subsequently refused to help a couple who'd booked a holiday with the company.

Roger and Patricia Calvert paid for a two-week break to Tenerife in March last year with Elite Travel, which was a member of Abta when they booked. But on arrival at the hotel, they discovered that their booking had been cancelled because Elite hadn't passed on the money.

Roger said: 'I had no choice but to pay more than £1,000 by credit card to secure the booking, otherwise we wouldn't have had a room for the night.'

Elite promised the couple a refund but didn't pay up. So Roger contacted Abta but it refused to help because Elite's membership had ended before the couple went on their trip. The only advice that Abta gave was that the couple should contact a solicitor.

Roger was outraged by the response: 'If Elite was a member when I booked, I think Abta should look after us. It has consumers thinking that it's the bee's knees, but it didn't want to know when something it went wrong for us.'

We challenged Abta but it stood its ground. It told us: 'A member has to abide by our code, but we didn't have any control over Elite at the time the Calverts had a problem.'

Elite was forced out of Abta last February and went bust in May. Had Elite already gone under when the couple complained, Abta would have been obliged to help.

Last year 60 holiday companies were either thrown out of Abta or resigned their membership, so this loophole could affect many other travellers.

Luckily, Roger has since managed to claim back the money he had to pay twice from his credit card company.

The OFT approved Abta's code earlier this year. But after we told it about the Calverts' case, it criticised Abta for breaching the spirit of the code: 'As a common courtesy we would expect a trade association to offer assistance and advice in this situation. It can't just leave the person in the dark.'

It is now examining the couple's case.

'If Elite was a member when I booked, Abta should look after us'



Roger Calvert was disgusted with Abta's response

TAKE ACTION!

We'd like to hear from you

■ If you're unhappy with the help you get from Abta in a dispute with one of its members, contact the OFT for advice. Its website www.of.gov.uk/codes has more details.

We'd also like to hear from you if you're unhappy with treatment you receive from any member of an OFT-approved scheme. Send details to Malcolm Bassett at the address on p75.

£20 billion
spent on cards abroad by
British cardholders in 2004

APACS

15 litres a day
water wasted by a tap dripping
at a rate of one drop per second

CONSUMER COUNCIL FOR WATER

£1.16 billion
raised by councils from parking
fees and fines, April 2004-2005

HANSARD



Which? successfully challenges family's unfair loan

Lender scraps £72,000 debt

MONEY

Which? has freed one family from a £72,000 debt after successfully challenging their loan agreement with moneylender London North Securities.

The news follows our drive in March and April to encourage anyone who has a loan with London North or its subsidiary Broadwick Financial Services to check their contract. The companies have been charging sky-high interest on small upfront fees, such as legal fees, and on arrears, leaving customers with massive debts. The companies are run by Harvey Collis, right, who owns substantial property in London.

Last October, the family, who want to stay anonymous, contacted us for help. They had taken out a 15-year secured loan for £5,500 with London North in 1991. They'd wanted to move and to pay off the loan a few months early.

But when they received the redemption statement they were devastated to learn

that, despite having paid off £23,000, they still owed £72,151, almost the entire value of their home.

The debt grew because £171 in legal fees, added at the start of the loan, hadn't been included in the monthly repayments. This accrued compound interest at almost 35 per cent a year.

Also, the family had gone into arrears on the loan but had paid this back and kept later payments up to date. Despite this, London North continued to apply interest on top of the interest that had built up on the arrears. Adding this to the interest



Harvey Collis owns a house in Hampstead Garden Suburb



on the legal fees resulted in the £72,000 hidden debt.

We asked London North for copies of relevant documents. After weeks of stalling we finally received them and found there was evidence in them to challenge the debt.

We passed the documents to Simon Abbott, a solicitor who specialises in cases such as this. He challenged London North and it agreed to write off the debt.

Teresa Fritz, money expert at *Which?* who helped with this case said: 'This is a huge victory, not just for *Which?*, but for the family, who refused to roll over and be just another victim of this company's greed.'

TAKE ACTION! Tackle the problem

■ If you have a loan with London North or Broadwick Financial Services, we'd like to hear from you. Please

write to Claire Hill at the address on p75 or send an email to whichactionteams@which.co.uk

Double-check the history of any second-hand car you buy

CARS



Lorraine Williams – nearly caught out

Watch out for rogue car dealers peddling vehicles with supposedly clean history checks.

Some traders are misleading buyers into thinking they're getting a vehicle with a spotless background by falsely advertising cars as 'HPI-checked' – a service that tells you whether a car is nicked, clocked, or just plain knackered. The AA offers a similar service.

HPI says some dealers are supplying fake checks, which give only registration details, and people should buy their own.

Lorraine Williams was nearly caught out after she responded to an advert in January for an HPI-checked 1996 Audi A4 placed by a Hampshire-based dealer.

She said: 'The dealer said that he could get an HPI check for £3 for the £2,995 car because he was in the trade. It showed only basic details, but not the mileage.'

Luckily, Lorraine ordered her own check, which revealed that the car had been illegally clocked twice.

We've asked trading standards officers to investigate the case.

TAKE ACTION! Buy a check

■ Visit www.hpi-check.com or www.aa-cardatacheck.com to order your own check. They cost from £36.