

THE HIGH COST OF CHANGING CARS

David Robotham 64,*retired marine engineer*

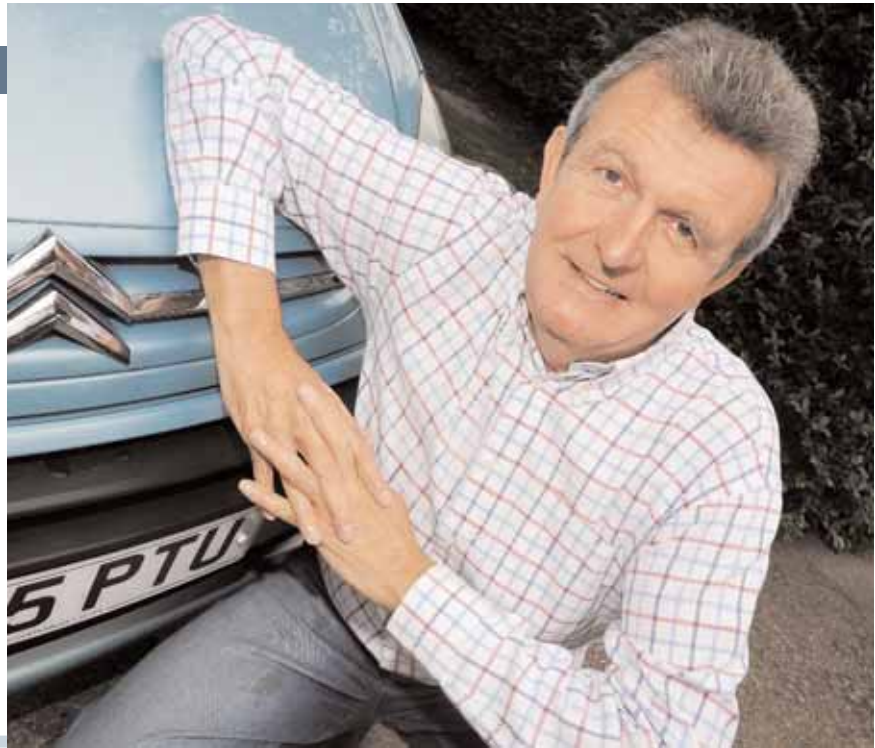
When Which? member David Robotham sold his car he was 'amazed' to be told by his insurer Swiftcover that he had just seven days to buy a new one and reinsure. If he took more than a week, all he would get was a £15 refund, despite having three months left on his policy.

David says: 'I protested that it was a change of car I was interested in and not a cancellation refund, but I was told that this figure would be looked at again if and when I got a quote and reinsured.'

However, when David bought a new car a month after selling his old car, the insurer confirmed that £15 was all he'd get. Once again, Swiftcover pointed out the seven-day window, even though there was no reference to this time limit in David's policy details.

Once he'd decided to reinsure with Swiftcover, it pestered him for proof of his no-claims discount from his last insurer. According to David, 'Swiftcover didn't seem to know it was them'.

Upset by the lack of co-ordination and poor service, David complained and was given £60 compensation.



The hidden costs of car insurance

Getting your car insured can be costly. We show you how to get the cheapest deal and avoid sneaky extra hidden costs

The cost of car insurance is rising, with £20 being added to the price of an average comprehensive policy in the three months to June 2008. So it's vital to shop around and get yourself the best deal.

We've contacted 57 providers and analysed more than 5,500 policies to find Best Buys for a range of common scenarios. We'll show you how to keep your renewal cost down and steer clear of paying fees for avoidable little extras, such as charges for paying by instalments or even changing your name and address.

Hidden costs

Car insurance policies are often riddled with clauses that mean you have to cough up some cash when you so much as cough. Well, maybe not, but it pays to

check the items that can incur fees... Here are the best and worst companies which took part in our survey.

■ Instalment interest

What is it? If you thought that paying for your car insurance by monthly instalments was a good way to spread the cost, you'd be wrong. Lots of insurers will make you pay through the nose for the privilege. We've found insurers charging an annual percentage rate (APR) of anything from 6% to 29%, with charges averaging out at 18%. An APR of 18% would add £126 to the annual cost of a premium costing £700.

If you can get your hands on the cash, pay the whole premium in one go. If that's a struggle, you could think about paying for it using a credit card which

has a 0% rate for purchases, and paying that off monthly instead.

Worst offenders: Asda, at 29% APR.

Best companies: Age Concern, Barclays and Virgin don't charge anything for paying monthly and Saga doesn't charge if you buy online (although it's 18.4% if you don't). They aren't Best Buys, although Saga and Age Concern could be worth a look if you're an older driver.

■ Cancellation fees

What are they? If you have to cancel your policy part way through, for example because you've sold your car, many companies will charge you a fee. This tends to be between £25 and £35, although it can be as high as £50 or one month's premium.

Worst offenders: Churchill and Cornhill Direct, which charge £50 for cancelling your policy. Esure, Halifax, Sainsbury's and Zurich all charge £50 in the first year, and less in subsequent years.

Best companies: Barclays, Clydesdale Bank, Hastings, Marks & Spencer, Yorkshire Bank and Yorkshire BS all let you cancel your policy without charge. Swiftcover also doesn't charge and returns a percentage of your unused premiums within the first 300 days (although this can disappoint – see David Robotham's case study, above).

Policies are often riddled with clauses that mean you have to cough up some cash

Change of address fees

What are they? Several companies will charge up to £25 to change your address, even if it doesn't affect your premium.

Worst offenders Asda, Budget, Castle Cover, Dial Direct, Ibuyeco and QuoteMart all charge £25.

Best companies Those that don't charge these fees are: AA, Age Concern, Barclays, Clydesdale Bank, Cornhill Direct, Intune, Yorkshire Bank, First Direct, LV=, M&S, Yorkshire BS and Zurich. Swiftcover doesn't charge for changes made online.

Admin fees

What are they? Change your car, a driver's name or ask for a copy of your policy – all could incur a fee of around £10.

Worst offenders Asda charges £20 for duplicate documents and the AA charges up to £25 for 'adjustments'.

Best companies Best Buys that don't charge these fees are: Admiral, Clydesdale Bank, Cornhill Direct, Elephant, Esure, Halifax, M&S, Yorkshire Bank, Yorkshire BS and Zurich.

Consistently high fees

It's worth noting that Asda charges all of these fees and, at 29%, has one of the highest APRs for paying monthly.

Keeping you satisfied

If good customer service is important to you, you might want to check out the companies that did particularly well in

At 29%, Asda has one of the highest APRs for paying monthly

our recent customer satisfaction survey (*Which?*, August 2008, p12).

Top of the league – based on claims handling and customer recommendation – was Frizzell, closely followed by Saga, Fortis, and Esure. Of these companies, however, only Esure is a Best Buy, as we don't survey brokers and our Best Buys are based mainly on cost and cover.

How we pick Best Buys

We've analysed 5,789 quotes from 36 providers offering branded insurance to find our low-cost, high-quality Best Buys.

We show Best Buys for different ages, areas and car groups; for buying online or over the phone. All Best Buys offer a courtesy car after both theft and an accident, between £100 and £500 of medical expenses cover and at least £100 personal possessions cover. They are all regulated by the Financial Services Authority. Go to www.which.co.uk/carinsurance for more information.

Good all-rounders

Swiftcover, Hastings Direct, Yorkshire BS, Budget and Cornhill Direct are all Best Buys for several different cars, ages and postcodes, so worth a try if the scenarios don't match your circumstances closely.

Contacts

Admiral 0800 118 1611
www.admiral.co.uk

Asda Financial Services
0845 602 0198

Bradford & Bingley
www.bradford-bingley.co.uk

Budget 0800 247247
www.budgetinsurance.com

Clydesdale Bank 0800 197 1614

Cornhill Direct
www.cornhilldirect.co.uk

Dial Direct 0800 107 0789

Direct Line www.directline.com

Elephant.co.uk 0800 118 1644

Esure 0845 603 7873

Halifax Car Insurance
0845 605 7757

Hastings Direct
0800 001066
www.hastingsdirect.com

Ibuyeco 0800 294 7570

Intune 0800 022 3190

LV= 0800 404014 www.lv.com

Marks & Spencer Money
www.marksandspencer.com/carinsurance

QuoteMart 0800 294 7544
www.quotemart.co.uk

Swiftcover.com swiftcover.com

Yorkshire Bank 0800 197 1646

Yorkshire Building Society
0800 107 8274 www.ybs.co.uk

Zurich 0800 333800

Best Buys

Best Buys	DRIVER DETAILS					
	DRIVER 25 TO 44 AND SPOUSE		DRIVER 45 TO 60 AND SPOUSE		DRIVER 60+ AND SPOUSE	
	PHONE	ONLINE	PHONE	ONLINE	PHONE	ONLINE
LOW-RISK AREAS						
SUPERMINIS/ MEDIUM CARS (low risk)	Hastings Direct Budget Ibuyeco	Swiftcover.com ^a Hastings Direct Bradford & Bingley	Hastings Direct Budget QuoteMart	Swiftcover.com ^a Hastings Direct Bradford & Bingley	Budget ^b QuoteMart ^b Ibuyeco ^b	Swiftcover.com ^{a,c} Bradford & Bingley ^b Hastings Direct ^d
LARGE CARS/ OFF-ROADERS (medium risk)	Hastings Direct Budget Dial Direct	Swiftcover.com ^a Hastings Direct Admiral	Hastings Direct Budget Ibuyeco	Swiftcover.com ^a Hastings Direct LV= ^a	Hastings Direct ^d Ibuyeco ^b Budget ^b	Swiftcover.com ^{a,c} Hastings Direct ^d M&S Money ^e
LUXURY CARS/ SPORTS CARS (high risk)	Admiral Elephant.co.uk Asda Financial Services	Swiftcover.com ^a Cornhill Direct ^g Direct Line ^a	LV= ^a Intune ^a Budget	Swiftcover.com ^a Cornhill Direct ^g Hastings Direct	Yorkshire BS ^f Zurich ^{g,b} Budget ^b	Cornhill Direct ^{g,h} Swiftcover.com ^{a,c} Hastings Direct ^d
HIGH-RISK AREAS						
SUPERMINIS/ MEDIUM CARS (low risk)	QuoteMart Budget Hastings Direct	Swiftcover.com ^a Cornhill Direct ^g Budget	QuoteMart Budget Dial Direct	Swiftcover.com ^a Cornhill Direct ^g QuoteMart	Yorkshire BS ^f Budget ^b QuoteMart ^b	Swiftcover.com ^{a,c} Cornhill Direct ^{g,h} Yorkshire BS ⁱ
LARGE CARS/ OFF-ROADERS (medium risk)	Yorkshire BS Esure Halifax Car Insurance	Cornhill Direct ^g Swiftcover.com ^a Yorkshire BS	Yorkshire BS Esure Halifax Car Insurance	Swiftcover.com ^a Yorkshire BS Cornhill Direct ^b	Yorkshire BS ^f Dial Direct ^d LV= ^{a,h}	Yorkshire BS ⁱ Swiftcover.com ^{a,c} Cornhill Direct ^{g,h}
LUXURY CARS/ SPORTS CARS (high risk)	Esure Halifax Car Insurance Admiral	Cornhill Direct ^g Swiftcover.com ^a Admiral	Yorkshire BS LV= ^a Intune ^a	Swiftcover.com ^a Cornhill Direct ^g Yorkshire BS	Yorkshire BS ^f Yorks Bank/Clydesdale ^d LV= ^{a,h}	Cornhill Direct ^{g,h} Swiftcover.com ^{a,c} Yorkshire BS ⁱ

Notes All maximum ages apply to new customers only. Providers in *italics* do not offer cover for residents of Northern Ireland. ^a Includes additional premium for accident and theft courtesy car option. ^b Max age 99. ^c Max age 80. ^d Max age 79. ^e Max age 84. ^f Max age 79 (over telephone only). ^g Courtesy car available as standard if using an approved repairer. ^h Max age 85. ⁱ Max age 75 (if quoted online).



IT PAYS TO HAGGLE

Irene Salmons

61, retired

When you get your renewal quote for your car insurance, you might find it's gone up since the previous year, even if nothing has changed in your circumstances, which is why it always makes sense to haggle on the premium.

Ideally you get cheaper quotes from other companies first, or look online to see what your own company is offering new customers. Even if you haven't done this though, one phone call could

still bring you rewards, as Irene Salmons found when she got her renewal quote from Norwich Union. One call was all it took to save more than £20 on her premium.

Thinking that her renewal quote for £246 was a little high, Irene called her insurer to see whether it would reduce it. NU immediately agreed to bring it down to £225, and even threw in £20 of Marks & Spencer vouchers if she renewed within 14 days – which Irene was then happy to do.

Checklist

You've just received your renewal quote. Let's assume it's about £400 – a typical amount. Use our checklist and you could reduce it by more than £150 – here's how

■ **Shop around** Use our Best Buys to see if you can find a lower quote. You'll almost certainly find a quote at least 10% lower, saving £40, but you could find quotes as much as a third lower, saving you £130 – making your bill just £270.



■ **Haggle** Once you've found your best quote, ring your current insurer and see if it can beat it. To get the best price, don't tell the insurer how much your quotes are. If you reveal you've got a quote of £270, it will almost certainly quote you something similar, whereas asking for the 'best quote' might get your cover as low as £250. It's worth a try.

■ **Switch** If your current insurer can't beat the best quote you've had, it's time to switch. It's straightforward moving to a new provider – and there's no reward for loyalty in this game...

■ **Buy online** A typical discount for buying online is 10%, bringing your £270 quote down to £243.

■ **Check out cashback sites** Cashback sites typically give you between £30 and £50 cashback, and sometimes as much as £75, if you click through the paid links to buy your insurance. Not all insurers are included, and it's not worth choosing your insurance just because of a cashback site, but once you've decided on an



insurer it's worth looking to see if you can get cashback. Some of the main sites are:

www.topcashback.co.uk,
www.quidco.com and
www.wepromiseto.co.uk

■ **Pay in one go** If you can pay for your insurance upfront you can save money by not paying interest when you pay by monthly instalments. An average APR of 18% on your £243 premium would cost you an extra £44.



■ **Lower your risk** Make sure your premiums are as cheap as they can be, by taking all the steps you can to minimise the risk of having to make a claim. Keep your car in a garage or park it off the road if you can, and don't overestimate your mileage, otherwise you'll end up paying for miles you don't drive.

■ **Don't pay for extras you don't need** If you don't think



you'll need a courtesy car or legal expenses insurance, for example, make sure you're not paying for them.

■ **Increase your excess**

Agreeing to pay an additional voluntary excess could reduce your premium. Increasing your excess from £100 to £200 could reduce your premium by as much as 10%.

