



Money monitor

Best Buys plus
what's in
the news

IS IT WORTH IT?

Extended warranties

Retailers such as Argos and Currys have long sold extended warranties on TVs, fridges, washing machines and other electrical goods. These offer to repair or replace a product if it breaks down, but they can be pricey. For example, on a £24 hairdryer from Argos, three years' cover is £4.99, while Currys charges £9.99 for three years' cover on a £24.99 DAB radio.

VERDICT Our most recent survey of white goods (*Which?*, January, p38-44) found that only 8 per cent of fridges up to six years old needed repair. Most audiovisual goods also score highly for reliability. If you still want a warranty, the manufacturer may offer a cheaper scheme. See www.which.co.uk/warranties for more.

Irrespective of the warranty period, all goods should be fit for purpose under the Sale of Goods Act. If a product breaks down prematurely, you may be able to get it repaired or replaced on these grounds.



Contacts

The AA 0845 603 6302 www.theaa.com
American Express 0800 700111; www.americanexpress.co.uk
Anglo Irish Bank 0845 455 2222 www.angloirishbank.co.uk
Bank of Ireland 0800 085 0444 www.bankofireland.co.uk
Barclaycard 0800 731 0200 www.barclaycard.co.uk
Bradford & Bingley www.bradfordandbingley.co.uk
Capital One Bank 0845 840 0400 www.capitalone.co.uk
Chelsea BS 0800 121 8822 www.thechelsea.co.uk
Chorley BS 01257 279373 www.chorleybs.co.uk
Egg Money www.egg.com
Icesave www.icesave.co.uk
ICICI Bank UK 0808 131 4151 www.icicibank.co.uk
Leeds BS 0800 587 2542 www.leedsbuildingsociety.co.uk
Principality BS www.principality.co.uk
Sainsbury's Bank www.sainsburysbank.co.uk
Shephed BS 01509 822000 www.theshephed.co.uk
Skipton BS 0845 717 1777 www.skipton.co.uk
Smile 0870 843 2265 www.smile.co.uk
Yorkshire BS 0845 120 0100 www.ybs.co.uk

| CASHBACK CREDIT CARDS | % CASHBACK ON ANNUAL SPENDING | | | | MAX | APR |
|---|-------------------------------|---------------|----------------|----------|----------------|-------------------|
| | £0-£1,999 | £2,000-£3,500 | £3,501-£10,000 | £10,001+ | ANNUAL MAX (£) | % |
| AMEX Platinum Moneyback ^a | 0.5 | 0.5 | 1 | 1.5 | no max | 18.9 |
| BANK OF IRELAND (UK) Moneyback MC ^b | 0.5 | 0.5 | 0.5 | 0.5 | 75 | 16.9 |
| BARCLAYCARD Plat'm with Cashback ^c | 0.5 | 0.5 | 0.5 | 0.5 | 180 | 14.9 |
| CAPITAL ONE BANK Cashback World MC ^d | 1 | 1 | 1 | 1 | no max | 15.9 ^e |
| EGG MONEY MasterCard ^{f,g} | 1 | 1 | 1 | 1 | 200 | 7.9 ^e |
| LEEDS BS MasterCard ^h | 0.5 | 0.5 | 0.5 | 0.5 | no max | 17.9 |
| SMILE Classic Visa ^j | 0.5 | 0.5 | 0.5 | 0.5 | no max | 18.9 ^k |
| YORKSHIRE BS Base Rate Tracker Visa ^{h,m} | 1 | 0.5 | 0.5 | 0.5 | no max | 11.6 ⁿ |
| YORKSHIRE BS Classic Visa ^{h,m} | 1 | 0.5 | 0.5 | 0.5 | no max | 17.9 |

Rates highlighted in red show the categories in which cards are Best Buys ^a Up to 5 per cent cashback for the first three months (maximum £200)
^b Also available as a gold card with same rates and features ^c 2 per cent cashback on supermarket spending and petrol up to £15 a month
^d Up to 4 per cent cashback for the first three months ^e Rate depends on your credit score ^f Available online only ^g Cashback is lost if less than £5 at year end ^h Cashback can be paid as cheque or credited to account ^j Cashback paid monthly ^k Lower rate of 15.9 per cent available to current-account holders ^m If applied for with a Yorkshire BS Mortgage, the cashback reward will be paid into mortgage account ⁿ Rate is variable. Bank of England base rate for first six months, 5.5 per cent above base rate after that, plus additional fees.

| BEST BUY SAVINGS ACCOUNTS | ACCESS | AER (%) | | CONDITIONS | | CONSISTENCY |
|---|--------|---------|-------------------|---------------------|---------------|-------------|
| | | £100 | £1,000 TO £5,000 | INITIAL DEPOSIT (£) | NOTICE (DAYS) | |
| ICICI BANK UK HiSave Savings ^a | I/T | 6.41 | 6.41 | 1 | 0 | |
| ANGLO IRISH BANK 7-Day Notice | P/T | 6.35 | 6.35 | 1 | 7 | ✓ |
| PRINCIPALITY BS e-Saver | I | 6.30 | 6.30 | 1 | 0 | ✓ |
| ICESAVE Easy Access ^a | I | n/a | 6.30 | 250 | 0 | ✓ |
| THE AA Internet/Telephone Access Plus ^a | I/T | n/a | 6.30 ^b | 500 | 0 | |
| CHELSEA BS Call Direct 30 2nd Issue ^a | P/T | n/a | 6.15 | 250 | 30 | ✓ |
| YORKSHIRE BS Internet Saver ^a | I | 6.00 | 6.00 | 1 | 0 | ✓ |
| SAINSBURY'S BANK Internet Saver | I | 6.00 | 6.00 | 1 | 0 | ✓ |
| BRADFORD & BINGLEY eSavings 5 ^a | I | n/a | 5.95 | 1,000 | 0 | |

Access Type of account offered: I=internet; P=post; T=telephone ^a Interest can be paid monthly ^b Rate excludes 0.2 per cent bonus payable for six months

| BEST BUY CHILD TRUST FUNDS | ACCESS | AER (%) | CONDITIONS | |
|----------------------------|--------|-------------------|----------------------|--------------|
| | | | MINIMUM ADDITION (£) | TRANSFERS IN |
| SHEPshed BS | B/P | 7.25 | 1 | ✓ |
| SKIPTON BS | B/P | 7.00 | 10 | ✓ |
| CHORLEY BS | B/P | 6.85 | none | ✓ |
| YORKSHIRE BS | B/P | 6.60 ^a | none | ✓ |

Access Type of account offered: B=branch; P=post ^a Rate excludes 0.7 per cent bonus payable for 12 months

All rates correct at 2 January 2008

Information based on data supplied by moneyfacts.co.uk

If you've got ideas or views on anything financial, we'd love to hear from you. Please get in touch with us at moneynews@which.co.uk

3 million

number of children in UK with
child trust fund account

HM TREASURY 2007

Cashback cards

Cashback credit cards are ideal if you always or usually pay off your bill every month, as you earn a percentage of what you spend (between 0.5 and 1.5 per cent). The cashback is typically added to your account but can also be sent by cheque either monthly or annually (as indicated in the table).

Both the Capital One Bank Cashback World MasterCard and the Amex Platinum Moneyback card offer greater rewards for the first three months from opening the account – namely, 4 per cent and 5 per cent, respectively, on anything you spend. So if you spent £250 a month, you could earn up to £52.50 in a year with the Capital One card, £48.75 with the Amex Platinum Moneyback credit card and £30 with the Egg Money MasterCard.

But remember that American Express is not as widely accepted as Visa and MasterCard. Also, you lose any cashback deals if you miss a repayment or exceed your card limit.

Savings accounts

We have a new entry in our Best Buy tables this month – ICICI Bank's HiSave easy-access account, which pays an impressive 6.41 per cent from £1. ICICI Bank has recently signed up to the Banking Code, which sets minimum standards for how banks and building societies treat their customers (see 'Our unique research', right).

If you don't mind waiting a week to get hold of your money, Anglo Irish Bank's 7-Day Notice account is another good choice. Anglo Irish Bank, Chelsea BS, Principality BS, Icesave, Sainsbury's and Yorkshire BS have been Best Buys consistently for the past six months.

Child trust funds

A cash child trust fund acts just like a savings account, except the interest is tax-free and the child can't get at their money until they are 18. Our Best Buy cash account from Shephed Building Society currently pays 7.25 per cent.

The Which? website now has a video giving advice on investing in child trust funds: go to www.which.co.uk/childtrustfunds to watch it.

Your money

Interest rates inquest

The Bank of England base rate rose three times in 2007 – from 5 per cent to 5.75 per cent – before falling to 5.5 per cent. But some savers failed to get the 0.75 per cent rise. Liverpool Victoria actually cut its easy-access account rate from 4.75 per cent in December 2006 to 4.5 per cent in December 2007. Meanwhile, the interest rate on the Kent



Kent Reliance's Mike Lazenby: rate rises for savers are not automatic

Reliance 90-day notice account rose by only 0.25 per cent, and the rate on the Abbey branch saver account grew by 0.35 per cent. Mike Lazenby, Chief Executive of Kent Reliance, said: 'A base rate rise does not automatically lead to a rate rise for investors because a substantial part of our mortgage portfolio (from which we get the interest margin to pay investors) is fixed rate.'

There was bad news for borrowers too, as some lenders put their rates up by more than the base rate. Kensington Mortgages' standard variable rate rose by 1.65 per cent, Chorley's rate rose by 1.2 per cent and Birmingham Midshires' rose by 1.15 per cent.

The lesson? Both savers and borrowers need to be on their guard. Not all financial institutions peg their rates to the Bank of England, so some lenders will fail to pass on interest-rate cuts, while selected savings rates stay high to attract new business. To avoid losing out, keep up to date with our Best Buy tables at www.which.co.uk/money, updated every week.

Endowment payouts top £2.8bn

Recent figures from the Financial Services Authority show that more than two million people have formally complained about endowment mortgage mis-selling. The total paid out for successful claims from 2001 to 2006-07 is more than £2.8 billion.

Which? has been campaigning for endowment compensation since 2002. If you think you were mis-sold an endowment mortgage, see www.which.co.uk/endowmentaction for details of how to register a formal complaint and seek compensation.

NEWS IN BRIEF

High mortgage costs

■ Home buyers typically spent 18.8 per cent of their income on mortgage interest in October last year, the highest proportion since 1992. For first-time buyers, the figure was 20.6 per cent, the highest since 1991. See p12 for advice on cutting your mortgage costs.

Tax-free interest

■ Only 18 per cent of banks and building societies tested by the Low Incomes Tax Reform Group had copies of the form low-paid savers need to get interest paid gross. If you think you should get your interest tax-free, ask your bank for the IR85 form.

Pension progress

■ Britain was ranked fifth out of 25 countries in a recent study of European pensions. Although the UK state pension was rated the least adequate in the EU, this was outweighed by private schemes and a higher retirement age. Italy came bottom.

TAKE ACTION!

This is a good month for haggling on car prices. New 2008 registration numbers start in March, so February sales tend to be sluggish. Buy now and you could get more than 10 per cent off the list price.

OUR UNIQUE RESEARCH

Best Buys

We analyse the whole market to bring you our Best Buys. With savings and loans, we recommend only companies that subscribe to the Banking Code. This means you've got protection if anything goes wrong. Like all Which? recommendations, our Best Buys are totally independent – we're not swayed by any industry influence.

MORE ON MONEY

Which? Money

The February issue of Which? Money explains how you can cut your annual household bills by £1,000 and gives details of 41 Best Buys. Try two issues for just £2. Go to www.which.co.uk/moneytrial or call 01992 822800.

