

Dear old Blighty?

Seven out of ten *Which?* members think living in Britain is a rip-off. This month we're launching a series of articles to see whether you're right

On the face of it, living in Britain today may appear to be a bit of a rip-off. Government cost-of-living figures show it is more expensive to live here than anywhere apart from Japan, Scandinavia, Ireland and the US.

And if you believe the newspapers, it might seem that the situation is only getting worse with headlines regularly warning about rising fuel prices and higher council tax and transport costs.

PCs cost 93 per cent less, in real terms, than they did a decade ago



John Nutting is angry at high and confusing import costs



Janet Wilkes bought these goods abroad to avoid having to pay high UK prices

No wonder then that, when we carried out a nationwide survey of *Which?* members, seven out of ten of you told us that living in Britain is a rip-off. But is the picture that clear? As we'll see, the price of services has shot up. But when it comes to filling the weekly shopping basket it's more a case of bargain Britain.

Cheap as (micro)chips

The price of many things has plummeted in the last decade. The cost of personal computers has dropped by 93 per cent in real terms, TVs and DVD players by 45 per cent less and women's clothing by a third.

One of the main reasons has been the influx of cheap goods from the Far East. Between 1992 and 2005, UK imports from China ballooned from £2.7 billion to £17.3 billion, resulting in big savings for shoppers. On top of this, supermarkets have offered an unparalleled range of goods at knockdown prices.

Another factor in price cuts has been a practice called parallel trade. For many years we paid more in the UK for the same product than shoppers elsewhere in the EU. Then the creation of the single European market enabled a company in, for example, Spain to buy a product from France and sell it in the UK for less than the French company would do directly. This drove down prices, especially for medicines.

Cheap imports and a supermarket price war suggest that the weekly shopping bill is going down, but shoppers have the

opposite impression. In our survey just 38 per cent of adults believed it was cheaper to shop on the high street in Britain today than five years ago, while 44 per cent thought it was equally or more expensive

What we spend our money on

The rising cost of services, and the emergence of new ones, has affected our spending. The average council tax bill is double what it was in 1995. Transport and energy costs are, taken together, 50 per cent dearer than ten years ago, and in the past year gas and electricity bills have soared.

Household spending on communications almost trebled between 2001 and 2003, mainly driven by mobile-phone bills, and we spend twice as much on leisure as we did 20 years ago. In contrast, grocery spending fell from 21 per cent in 1982 to 16 per cent in 2004-2005.

Shop abroad

Some prices have fallen dramatically, but Britain remains expensive. Not surprisingly, many people look overseas for bargains – half of those we surveyed stocked up on cheaper items when abroad. *Which?* member Janet Wilkes and husband Peter (not their real names) are experts at this.

Janet says: 'My husband and I go to incredible lengths to avoid paying UK prices for electrical goods, clothes, underwear...you name it.' They carry back most of their bounty from the US and Europe and are certain it's worth it. If you buy from outside

Put the brake on car prices

Each month in 'Rip-off Britain?' we'll take a different product or service and see whether you're better off buying it in this country or abroad. We start with new cars, the subject that started the rip-off Britain debate

The phrase rip-off Britain grew out of a Which? campaign in the late 1990s to expose the astonishingly high cost of buying a new car in the UK compared with the rest of Europe. Our Great British Car Rip-Off campaign was widely credited with making manufacturers reduce UK prices nearer to the level of those in the rest of Europe. Nearly a decade on, we have decided to launch our new rip-off Britain series by revisiting the subject of new cars to see what has changed. We found that the legacy of the original campaign remains.

The UK is now no longer the most expensive country in Europe to buy new cars and in fact prices fell by 0.5 per cent during 2005, while rising 0.6 per cent in the EU on average.

Still a rip-off?

But the latest European Commission survey, which examined the pre-tax price of Japanese and European cars in the 25 EU member states, found UK car buyers still pay up to 30 per cent more than buyers on the Continent for some models. A VW Golf costs about £2,150 extra in London than in Helsinki, while an Alfa



Graham Andrews saved £5,000 by buying a car in Belgium

Romeo costs £2,600 more here than in Amsterdam.

You have to remember, though, that 17.5 per cent VAT gets added as soon as the tyres touch British soil, so the savings might not be worth the bother. Which? motoring expert George Marshall-Thornhill says: 'It's true that some cars are still sold more cheaply in other countries, but the hurdles that UK buyers have to overcome in getting a right-hand-drive car into the country mean that most people prefer the rip-off Britain route.'

Bargains abroad

There are bargains to be had. Graham Andrews, from Birmingham, saved £5,000 on a Subaru Impreza turbo by buying it in Belgium. He says: 'I used a third party who dealt with all the paperwork, which was a great help. They also arranged to have it delivered. The worst bit was registering with the DVLA. I queued all day at my local office.'

Checklist

Here's what to look out for if you're thinking of buying a car from abroad

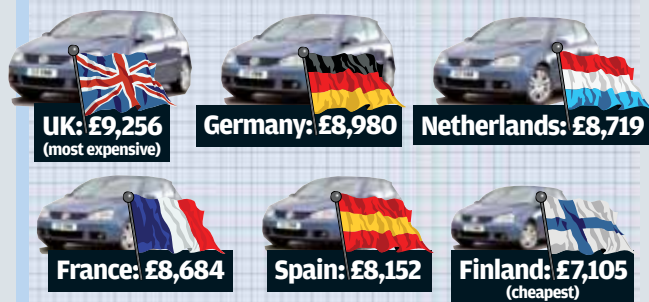
Compare prices When you compare car prices between this country and abroad, take into account tax and import costs.

Full UK specification Buy a car with less than full UK spec and you could lose money when you sell it. Find a major dealer in your chosen country and agree a price for a right-hand-drive model, with headlamps set for the UK and a speedometer in miles an hour. You'll probably have to pay a deposit when you order. Buy with a credit card for extra protection.

Register The dealer should arrange temporary transit plates so your drive home is legal. Visit Customs at www.hmce.gov.uk for details. Contact a vehicle registration office in advance to complete paperwork. See http://www.dvla.gov.uk/local/lo_map.htm for locations. Register and license the vehicle as soon as possible.

DRIVING A BARGAIN ON A NEW CAR

Pre-tax cost of a new VW Golf bought in the following EU countries^a



^a Prices correct as of December 2005 and adjusted for the standard specification in each country. Price in pounds sterling calculated using 2005 exchange rates

the EU, remember you are liable for duty on all purchases over the value of £145.

Duty bound

You could buy over the internet, but you may be liable for import VAT on any product over £18, and customs duty if it's worth £7 or more (and wasn't bought in the EU).

Which? reader John Nutting had to pay duty on the original price and on postage and packing when he made an internet order for goods from overseas. John says: 'I feel that ordering from overseas is a lottery

– it's not easy to find out what charges will be applied. Rip-off Britain rips you off even if you try to avoid being ripped off.'

Our table shows the duty on goods imported from the US. Bear in mind that you also have to pay 17.5 per cent VAT on all of these goods.

We suggest checking with your supplier that what you're buying will work in Britain, as electrical standards vary between countries, and whether any guarantee is valid here. Also, consider how easy it will be to sort out any after-sales problems.

HOW MUCH YOU WILL PAY

IMPORTS FROM USA	DUTY(%)
Film camera – 25mm SLR	4.9
Kitchenware	12
DVD players	14
Silver, gold or platinum jewellery	2.5
MP3 player (without a radio)	2.0
Televisions	14
Watches	4.5

As well as duty, you'll have to pay VAT at 17.5 per cent

OUR SURVEY

In April, we carried out 1,085 face-to-face interviews with a nationally representative sample of adults aged 15+ living in Britain.



Our verdict

Prices of new cars in Britain have fallen slightly but are still too high, which is why we award them our first 'Rip-off Britain' stamp.