

Consumer victory on bad-value insurance

PPI reforms due

The Competition Commission has called for sweeping changes to the rules governing payment protection insurance (PPI). Which? has been campaigning for stricter regulation of PPI since the 1990s.

The most significant proposals are an end to single-premium policies and a 14-day gap between the sale of a loan and the selling of insurance – two of our key campaign objectives.

This will allow customers to shop around for more competitive insurance and dispel the myth that taking out PPI is a precondition of being approved for the loan.

In response to the Commission's report, Which? chief executive Peter Vicary-Smith said: 'This is a huge victory for consumers who have often felt pressured into buying expensive and inadequate PPI products. The Competition Commission has listened to the consumer voice and has taken decisive action.'

If you think you have been mis-sold PPI in the past, go to www.which.co.uk/ppi for information on how to make a claim and template letters to send to your provider. If your claim is rejected, you can take it to the Financial Ombudsman Service (www.financial-ombudsman.org.uk).



PPI COST ME £2,103

James Watt 69, retired

In 2005, James Watt borrowed £7,000 from Bank of Scotland. He was 66 years old and had retired early due to ill health. Despite being ineligible to claim on PPI, the bank automatically sold it to him and charged him an extra £2,103.

It was only when the loan was restructured in 2008 that James realised the bank had added in insurance. 'I thought

the repayments were high, but put this down to the interest,' he says. After repeated phone calls and letters, the bank agreed to a payout without admitting liability, but it hasn't yet specified how much James will receive. With his agreement we intervened, demanding a full reimbursement of premiums, interest on these and a reworking of the loan. We are awaiting an outcome.

Is it worth it?

Skipton Building Society Guaranteed Double Asset Bond

This two-part bond offers savers a chance to share in stock-market profits without putting capital at risk. A third of your investment goes into a one-year fixed-rate bond, paying 7% interest. You must put the other two thirds in a five-and-a-half-year index-linked bond.

The return is linked to the performance of the FTSE 100 share index, from 16 February 2009 until the bond matures in

August 2014. If the FTSE rises, you get interest based on its growth. If it falls or remains static, you'll get hardly any interest, but your original investment will be returned intact.

Verdict: An interesting combination. The one-year bond is highly competitive, while the index-linked element could do well as the FTSE recovers from its current low. The maximum investment is £250,000, with £83,333 in the one-year bond. Although your capital is 'safe', the Financial Services Compensation Scheme only covers up to £50,000. If the FTSE performs badly, your savings could also fail to beat inflation over the five and half years that they are locked in.



PHOTOGRAPHY: LOUIS FLOOD

Pension top-up possible

New rules will benefit women nearing retirement age

Further changes to pension laws will allow people with gaps in their National Insurance contribution record to buy extra years to make good the shortfall.

Aimed primarily at women approaching retirement age, the concession allows you to buy an extra six years' worth of contributions in addition to the six years you could already buy.

To qualify, you must already be credited with 20 years' worth of contributions and

reach retirement between 6 April 2008 and 5 April 2015.

For most people, extra years are a good long-term investment. However, those with low incomes may be better off claiming pension credit, so think carefully before topping up.

For more information, call the Pension Advisory Service's women and pensions helpline on 0845 600 0806 or visit www.pensionsadvisoryservice.org.uk.

Sign up for the Which? Money email at www.which.co.uk/moneyemail to get the latest news and expert money-saving tips every week



Cash Isas that accept transfers

You should use your tax-free cash Isa allowance (£3,600 a year) before putting money into an ordinary taxable savings account.

There are six Best Buys this month, paying at least 5.5% interest. We've only included Isas that allow transfers into the account (some don't allow this).

Some Best Buys include a bonus, but

only if it's payable for at least 12 months. Once the bonus period has ended, remember to switch if the account is no longer competitive.

Scottish Widows E-cash Isa pays the top rate – 6%. However, it includes a 1.25% bonus payable for a year.

The average interest rate paid on £18,000 at the time of going to press was 4.58%.

Earn up to £113 more by saving £3,600 in a Best Buy Isa for a year

which? **MONEY SAVER**

■ If you had £3,600 in Scottish Widows Best Buy Isa, you would earn £113 more than if the same amount was in a Halifax/Bank of Scotland Don't Buy account, assuming rates stay the same.

CASH ISAs: TRANSFERS IN	ACCESS	AER (%)			TERMS	CONSISTENCY
	TYPE OF A/C	UP TO £2,999	£3,000 TO £5,999	£18,000+	INITIAL DEPOSIT (£)	BEST BUY FOR 12 MONTHS
BEST BUYS						
SCOTTISH WIDOWS BANK E-cash Isa	I	6.00 ^a	6.00 ^a	6.00 ^a	10	
KENT RELIANCE BS Direct	P	5.76	5.76	5.76	1	✓
STAFFORD RAILWAY BS	B/P	5.15	5.15	5.60	1	
ABBEY Direct Issue 2	I/P/T	5.50 ^b	5.50 ^b	5.50 ^b	1	
ALLIANCE & LEICESTER Easy Isa	I/T	5.50 ^c	5.50 ^c	5.50 ^c	1	
PRINCIPALITY BS e-Isa	I	5.50	5.50	5.50	1	✓
AVERAGE RATE	n/a	4.43	4.51	4.58	n/a	n/a
DON'T BUYS						
HALIFAX/BANK OF SCOTLAND Isa Saver	B/I/P/T	2.52	2.57	2.87	1	n/a
ALLIANCE & LEICESTER	B	2.70	2.70	3.30	1	n/a
NEWCASTLE BS Nova Isa Direct	P/T	3.05	3.05	3.05	100	n/a

Rates highlighted in red show the categories in which the accounts are Best Buys. Rates highlighted in dark grey show the categories in which the accounts are Don't Buys.

Access This shows the type of account: B=branch; I=internet; P=post-al; T=telephone a Rate includes a 1.25% bonus payable for 12 months b After 13 months rates revert to 4%, depending on account balance c Rate includes a 1% bonus payable for 12 months



Child trust funds

A cash child trust fund (CTF) 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. Children born on or after 1 September 2002 are given a voucher worth at least £250 for their parents to invest in a CTF.

Our top Best Buy cash account from Shephed Building Society currently pays 6.25% interest.

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.

How to earn up to £5,146 more over 18 years by picking a Best Buy child trust fund

which? **MONEY SAVER**

■ If you invested £1,450 in the first year and £1,200 (£100 a month) for the following 17 years in Shephed BS's account, you'd earn around £5,146 more than you would with Abbey's CTF, assuming rates stay the same.

CHILD TRUST FUNDS	ACCESS	AER (%)			CONDITIONS	
	TYPE OF A/C	£250	£750	£1,450	MINIMUM ADDITION (£)	TRANSFERS IN
BEST BUYS						
SHEPshed BUILDING SOCIETY	B/P	6.25	6.25	6.25	1	✓
CHORLEY BUILDING SOCIETY	B/P	6.10	6.10	6.10	none	✓
YORKSHIRE BUILDING SOCIETY	B/P	6.05 ^a	6.05 ^a	6.05 ^a	none	✓
SKIPTON BUILDING SOCIETY	B/P	6.00	6.00	6.00	10	✓
AVERAGE RATE		5.55	5.59	5.59		
DON'T BUY						
ABBEY	B/I/P/T	4.25	4.75	4.75	1	

Rates highlighted in red show the categories in which the accounts are Best Buys. Rates highlighted in dark grey show the categories in which the accounts are Don't Buys.

Access This shows the type of account: B=branch; I=internet; P=post-al; T=telephone a Rate includes 0.7% bonus payable for 12 months



Credit cards for borrowing

This month, we have a new Best Buy – the Barclaycard Low Rate Platinum Card – with a low APR of 8.8%.

We select our Best Buys for three main types of borrowers: occasional payers pay one in every four bills in full, never payers never or rarely pay their bills in full, and holiday payers borrow for big purchases and pay off the debt over the year.

The Barclaycard Simplicity Visa and Co-operative Bank Platinum Fixed Rate are still Best Buys in all three categories, while

HOW WE RATE CREDIT CARD CUSTOMER SATISFACTION

■ In July 2008 we surveyed 4,419 members of the Which? online panel about their card providers. The satisfaction rating combines overall member satisfaction and the likelihood of them recommending the lender.

the Barclaycard OnePulse with Cashback Visa is a Best Buy for occasional payers.

Which? is the only organisation to take into account the way cards charge interest, as well as the interest rate, to find the true cost of borrowing.

CREDIT CARDS FOR BORROWING	APR (%)	TYPE OF BORROWER			SATISFACTION % (JULY 08)
BEST BUYS		OCCASIONAL PAYER	NEVER PAYER	HOLIDAY PAYER	
BARCLAYCARD Simplicity Visa	6.8	✓	✓	✓	61
BARCLAYCARD Low Rate Plat MCard/Visa	8.8	✓	✓	✓	61
CO-OPERATIVE BANK Plat Fixed Rate Visa ^a	9.9	✓	✓	✓	80
BARCLAYCARD OnePulse with C'back Visa ^b	14.9	✓			61
AVERAGE RATE	16.8				71
WIDELY HELD CARDS					
NATWEST Classic MasterCard/Visa	16.9				65
TESCO PERS'L FINANCE Clubcard MCard	16.9				77

For all cards in the table the exact rate depends on your credit score. ^a To apply you must be aged 25 or over ^b Calculation includes cashback



Credit cards: long-term 0% balance transfers

Our Best Buys offer some of the longest 0% balance transfer deals available, but charge an uncapped fee of between 2.5% and 3%. The Virgin Money MasterCard offers the longest 0% deal of 16 months from when the card is issued, with a transfer fee of 2.98%.

The Barclaycard OnePulse with BT Visa, OnePulse with Cashback Visa and Tesco PF Bonus credit cards all offer a 0% balance transfer of 14 months with uncapped fees of 2.5%, 2.9% and 2.9% respectively. The HSBC credit card offers a 0% balance transfer for 13 months from date of transfer, with an uncapped fee of 2.5%.

0% BALANCE TRANSFER WITH TRANSFER FEE	APR (%)	0% PERIOD TRANSFER (MONTHS)	TRANSFER FEE		SATISFACTION (%) (JULY 2008)
BEST BUYS			TRANSFER FEE	DEAL STARTS	
VIRGIN MONEY Credit Card MasterCard	16.6	16	2.98% of balance (min £3)	Issue ^a	sample size too small
BARCLAYCARD OnePulse with BT Visa	14.9	14	2.5% of balance (min £6.25)	Issue	61
BARCLAYCARD OnePulse with Cashback Visa ^b	14.9	14	2.9% of balance (min £7.25)	Issue	61
TESCO PERSONAL FINANCE Bonus credit card ^c	15.9	14	2.9% of balance	Transfer	77
HSBC BANK Credit Card MasterCard	16.9	13	2.5% of balance (min £5)	Transfer	66
AVERAGE RATE	16.8				71
WIDELY HELD CARDS					
MARKS & SPENCER Money MasterCard	15.9	6	2% of balance (min £5) uncapped	Issue	82

For all cards in the table the exact rate depends on your credit score. ^a Limited to 95% of credit limit and not transferable from any other MBNA cards ^b 14-month 0% deal with same fee also available with the Barclaycard Flexi-Rate Visa with the same APR ^c Balance transfer is also available with the Tesco Personal Finance Clubcard MasterCard with a higher APR of 16.9%

Contacts

SAVINGS ACCOUNTS

Abbey
0800 169 7416
www.abbey.com

Alliance & Leicester
08703 333444
www.alliance-leicester.co.uk

Chorley BS
01257 279373
www.chorleybs.co.uk

Kent Reliance BS
0845 122 0022
www.krbs.co.uk

Principality BS
www.principality.co.uk

Scottish Widows Bank
www.scottishwidows.co.uk

Shepshed BS
01509 822000
www.theshepshed.co.uk

Skipton BS
0845 717 1777
www.skipton.co.uk

Stafford Railway Building Society
0845 456 1001
www.srbs.co.uk

Yorkshire Building Society
0845 120 0100
www.ybs.co.uk

CREDIT CARDS

Barclaycard
0800 731 0200
www.barclaycard.co.uk

HSBC
0845 604 0626
www.hsbc.co.uk

Tesco Personal Finance
0845 600 6016
www.tescofinance.com

The Co-operative Bank
0845 600 6000
www.co-operativebank.co.uk

Virgin Money
0800 096 9939
www.virginmoney.com

THE LOWDOWN ON WHICH? BEST BUYS

■ With savings, we recommend only those companies that subscribe to the Banking Code. We have reviewed our Best Buy criteria, and now only include banks that are fully covered by the Financial Services Compensation Scheme (FSCS).

■ For the latest rates, head to www.which.co.uk/money – all of our data is updated every week.

Save on transfer fees

■ If you transferred £2,000 to the Best Buy Virgin Money Credit Card MasterCard, you'd pay a fee of £59.60. If you transferred £2,000 to the Best Buy Barclaycard OnePulse with BT Visa you'd pay £50.

