



Money monitor

Best Buys plus
what's in
the news

IS IT WORTH IT?

Bait to switch

Banks are fighting to win current-account customers, and now Abbey is paying 6.3 per cent on balances up to £1,000 for 12 months if you switch your account and pay in at least £1,000 a month.

For any balance above £1,000 you have two choices. The 'preferred in-credit rate' option gives you 2.5 per cent interest on this money and an overdraft rate of 16.9 per cent, while the 'preferred overdraft rate' option gives you 0.1 per cent interest and an overdraft rate of 10.9 per cent.



Abbey

VERDICT Abbey rates poorly in our survey of customer satisfaction with current accounts (both overall and online), which means it doesn't make it into our Best Buy table (see right).

If you want a branch-based current account, you're better off with Nationwide's FlexAccount, which pays 4.25 per cent interest on balances up to £3,000 for an unlimited period and has a lower overdraft rate. You also get free overseas withdrawals with your debit card.

Contacts

Alliance & Leicester
0800 068 6069
www.alliance-leicester.co.uk

Barclaycard
0800 731 0200
www.barclaycard.co.uk

Cahoot
www.cahoot.com

Debenhams
0870 120 0111
www.debenhams.com

Egg Money
www.egg.com

First Direct
0800 242424
www.firstdirect.com

Goldfish 0800 885555

www.goldfish.com
Intelligent Finance
0845 609 4343
www.if.com

John Lewis 0845
300 3833; www.
partnershipcard.co.uk

Morgan Stanley
0800 917 0008; www.
morganstanleycard.
co.uk

Nationwide BS
0800 302010
www.nationwide.co.uk

Smile www.smile.co.uk

Yorkshire BS
0800 028 0183
www.ybs.co.uk

CURRENT ACCOUNTS	A/C DETAILS		AUTHORISED O/D			SATISFACTION OVERALL
	MIN MTHLY PAY IN (£)	INTEREST ON £1+ (%)	ANNUAL INTEREST RATE (%)	SMALL (£)	LARGE (£)	
ALLIANCE & LEICESTER Premier^a	500	1.50 ^b	7.90 ^c	1	18	★★★
ALLIANCE & LEICESTER Premier Direct^{d,e}	500	6.10 ^{b,f}	5.90 ^c	1	13	★★★
CAHOOT		3.65 ^g	11.80	0	21	★★★
FIRST DIRECT Bank Account	1,500	2.00	10.90	1	24	★★★★
INTELLIGENT FINANCE		3.00	10.05	1	22	★★★
NATIONWIDE BS FlexAccount	1,000	4.25 ^h	7.75	1	17	★★★★
SMILE	1,000	3.04	11.90 ^j	1	26	★★★★

^a Includes free annual travel insurance plus option to take out an 8.1 per cent cash Isa ^b 0.10 per cent on balances above £2,500
^c Twelve-month interest-free overdraft for new customers ^d Must register for this account with a valid email address ^e No paper statements available: account transactions must be viewed online ^f On credit balances up to £2,500 for new accounts until 30 April 2008 ^g 3.75 per cent without a chequebook ^h 4.25 per cent on the first £3,000 of balance then 0.25 per cent above £3,000
^j Twelve-month £500 fee-free overdraft

0% BALANCE TRANSFER	APR	0% PERIOD	TRANSFER FEE	
	%	TRANSFER (MONTHS)	% OF BALANCE	DEAL STARTS
MORGAN STANLEY Buy and Fly! MasterCard	16.9	9	2 (min £3, max £50)	Transfer
YORKSHIRE BS Classic Visa	15.4	6	2 (min £5, max £50)	Transfer
JOHN LEWIS/WAITROSE MasterCard	15.5	6	2 (min £5, max £50)	Issue
GOLDFISH MasterCard	15.9	6	2 (min £3, max £50)	Transfer
DEBENHAMS MasterCard	18.9 ^a	6	2 (min £5, max £50)	Transfer

^a Rate depends on your credit score

CREDIT CARDS FOR BORROWING	APR	TYPE OF BORROWER		
	%	OCCASIONAL PAYER	NEVER PAYER	HOLIDAY PAYER
BARCLAYCARD Simplicity Platinum Visa	6.8	✓	✓	✓
EGG MONEY MasterCard^a	7.9 ^b	✓	✓	✓
YORKSHIRE BS Base Rate Tracker Visa	11.3	✓		

^a You must apply for this card online ^b Rate depends on your credit score

All rates correct at 12 March 2007

Information based on data supplied by moneyfacts.co.uk

15 million
The number of PayPal
accounts in the UK
PAYPAL

Current accounts

Every year we ask you about your current account and use the results to help choose our Best Buys. None of the big four appears; only four out of ten customers of Barclays, HSBC, Lloyds TSB and NatWest are very satisfied with their current account compared with eight out of ten customers of our top-scoring Best Buys. Smile, First Direct and Nationwide are top for overall customer satisfaction, though it remains to be seen whether First Direct is as popular since the increase in its minimum monthly deposit.

The 'small' overdraft column shows the annual cost of running a £100 authorised overdraft for one week a quarter. The 'large' overdraft column shows the annual cost of a £500 authorised overdraft for two weeks a month.

All our Best Buys achieve at least an average rating for satisfaction and are good value, whether you are in credit or run a small or large overdraft.

Balance transfers

There are no longer any cards that don't charge fees for balance transfers. You now have to pay a fee (ranging from 2 to 3 per cent) for 0 per cent interest deals. All our Best Buys charge a 2 per cent fee and are capped at £50 for any amount you transfer. Going for a deal that is capped is better than one that isn't, as you could end up paying more in charges (especially for larger transfers).

Deals that start from the date you make the transfer are better than those that start from when the card was issued because they offer the full interest-free period.

Borrowing cards

When calculating Best Buys, we are the only organisation to take into account the way cards charge interest, as well as the interest rate, to find the true cost.

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 the debt off over the year. Barclaycard Simplicity Platinum Visa and Egg Money MasterCard are Best Buys in all categories.

Your money

PayPal problems

Millions of people use PayPal to buy and sell items on websites such as eBay, but some find it offers less protection than expected.

In July 2006 Mike Sears (right) sold some speakers on eBay for £473. The buyer gave him good feedback on the site, but two months later PayPal told him the buyer had requested a chargeback and been refunded. Chargeback is a system where someone buying goods with a credit or debit card can ask their bank or PayPal to claim their money back from the retailer if there is a dispute.

PayPal debited Mike's PayPal account by £480 (including a £7 fee) but, as he had already withdrawn the money, this put him in the red. PayPal is now demanding the money back and has been unhelpful in dealing with the situation, even though the buyer was fraudulent. Mike has gone to the Financial Ombudsman Service.

Sellers with a verified business or premier account who meet various criteria are covered by PayPal's seller protection policy. Otherwise, PayPal will use evidence from the seller to investigate a disputed chargeback, but if the seller loses this dispute there is little they can do. PayPal's terms and conditions also state that it reserves the right not to dispute a chargeback, especially if it believes it is likely to be unsuccessful. PayPal UK's Head of PR, Cristina Hoole, said: 'Sellers need to take responsibility, too – we warn people to check their buyer's account is verified.'

If you use PayPal, keep all documentation relating to the sale. See p81 for more on your rights when using PayPal.



Credit cards pile on extra charges

Lloyds TSB is to start charging £35 a year to some people who hold its credit card but do not use it. And MBNA credit card customers who haven't used their card for 12 months and have a positive balance will be charged up to £10.

As credit card companies have been forced by the OFT to lower charges to customers who make late payments, they are looking for other ways to make money. If you will be affected, switch. Our Best Buy Egg Money card pays 4 per cent interest on positive balances.

NEWS IN BRIEF

More fines

■ Two more big companies have been fined by the Financial Services Authority. Nationwide had to pay £980,000 for security lapses when a laptop was stolen, and Capital One has been fined £175,000 for the way it sells payment protection insurance.

Bogus emails

■ Consumers have been sent bogus emails and letters claiming to be from the Financial Services Authority (FSA) or the Financial Ombudsman Service (FOS), asking for personal details or money. Don't respond, but call 0845 606 1234 (FSA) or 0845 080 1800 (FOS) to check their authenticity.

Insurance help

■ A checklist of questions to ask before buying insurance is now available on the Financial Services Authority's consumer website www.moneymadeclear.fsa.gov.uk. It also explains different types of insurance and gives detailed buying advice.

TAKE ACTION!

Check the tax code on your P60 from your employer, which you should receive by 31 May, to ensure you're paying the right amount of tax.

OUR UNIQUE RESEARCH

Our 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 – so they're not swayed by any industry influence.

MORE ON MONEY

Which? Money

Our new monthly magazine, *Which? Money*, is available now. This month's issue includes Best Buy Isas, and how to get more from your current account. Try two issues of *Which? Money* for just £2. Call now on 01992 822800.

