



# Money monitor

Best Buys plus  
what's in  
the news

## IS IT WORTH IT?

### BT credit card

BT has launched a new credit card that rewards users with money off their BT phone bill. For every £2 you spend, you get 1p off. Spend above £250 and the rate doubles. Annual savings are capped at £75 a year, for which you'd need to spend £7,625. Other benefits include 0 per cent interest on balance transfers for 12 months and on purchases for the first three months. Its standard APR is typically 16.9 per cent, depending on your credit rating.

**VERDICT** Although it sounds novel, the card is not particularly generous. A Best Buy cashback card (see below right) could earn you similar or higher rewards from purchases, which you could use to pay your phone bill or spend on something else.

Reward and cashback cards are suitable only if you always or usually pay off your balance in full, as the interest charged soon cancels out any cashback.



## Contacts

**Alliance & Leicester** 0800 068 6069; [www.alliance-leicester.co.uk](http://www.alliance-leicester.co.uk)

**American Express** 0800 700111; [www.americanexpress.co.uk](http://www.americanexpress.co.uk)

**Bank of Ireland** 0845 719 0190 [www.bankofireland.co.uk](http://www.bankofireland.co.uk)

**Cahoot** [www.cahoot.com](http://www.cahoot.com)

**Capital One Bank** 0845 840 0400 [www.capitalone.co.uk](http://www.capitalone.co.uk)

**Clydesdale Bank** [www.cbonline.co.uk](http://www.cbonline.co.uk)

**Co-operative Bank** 0845 721 2212; [www.co-operativebank.co.uk](http://www.co-operativebank.co.uk)

**Egg Money** [www.egg.com](http://www.egg.com)

**First Direct** 0800 242424 [www.firstdirect.com](http://www.firstdirect.com)

**Halifax** 0845 720 3040 [www.halifax.co.uk](http://www.halifax.co.uk)

**Intelligent Finance** 0845 609 4343; [www.if.com](http://www.if.com)

**Leeds BS** 0845 050 5075; [www.leedsbuildingsociety.co.uk](http://www.leedsbuildingsociety.co.uk)

**Lloyds TSB** 0845 607786 [www.lloydstsb.com](http://www.lloydstsb.com)

**Nationwide BS** 0800 302010 [www.nationwide.co.uk](http://www.nationwide.co.uk)

**NatWest** 0800 200400 [www.natwest.com](http://www.natwest.com)

**Royal Bank of Scotland** 0808 100 0148 [www.rbs.co.uk](http://www.rbs.co.uk)

**Smile** 0870 843 2265 [www.smile.co.uk](http://www.smile.co.uk)

**Ulster Bank (NI)** 0845 603 3738 [www.ulsterbank.com](http://www.ulsterbank.com)

**Yorkshire Bank** [www.ybonline.co.uk](http://www.ybonline.co.uk)

**Yorkshire BS** 0845 120 0100 [www.ybs.co.uk](http://www.ybs.co.uk)

CURRENT ACCOUNTS	A/C DETAILS		OVERDRAFT	CUSTOMER SATISFACTION	
	MIN MTHLY PAY IN (£)	INTEREST ON £1+ (%)	ANNUAL INTEREST RATE (%)	INTERNET	OVERALL
<b>ALLIANCE &amp; LEICESTER Premier Direct</b> <sup>a,b,c</sup>	500	6.50 <sup>d</sup>	5.90 <sup>e</sup>	★★★	★★★
<b>CAHOOT</b>	-	3.65 <sup>f</sup>	11.80	★★★★★	★★★★★
<b>FIRST DIRECT Bank Account</b>	1,500	2.00 <sup>g</sup>	10.90	★★★★★	★★★★★
<b>HALIFAX High Interest</b>	1,000	6.17	15.90	★★★	★★★
<b>INTELLIGENT FINANCE</b>	-	3.00	10.05	★★★★	★★★★
<b>NATIONWIDE BS FlexAccount</b>	1,000	4.25 <sup>h</sup>	7.75	★★★★	★★★★
<b>SMILE</b> <sup>a</sup>	1,000	3.04	11.90 <sup>j</sup>	★★★★★	★★★★★

<sup>a</sup> Includes benefits such as exclusive deals on its other products <sup>b</sup> Must register for this account with a valid email address <sup>c</sup> No paper statements available: account transactions must be viewed online <sup>d</sup> On credit balances up to £2,500 until 31 July 2008 <sup>e</sup> Twelve-month interest-free overdraft for new customers <sup>f</sup> 3.75 per cent without a chequebook <sup>g</sup> 2 per cent also available if you maintain a credit balance of £1,500 <sup>h</sup> 4.25 per cent on the first £3,000 of balance, then 0.25 per cent above £3,000 <sup>j</sup> Twelve-month £500 fee-free overdraft

STUDENT ACCOUNTS	MAX FREE OVERDRAFT (£)				OVERDRAFT RATES (%)		CREDIT
	YEAR ONE	YEAR TWO	YEAR THREE	YEAR FOUR	AUTHORISED	NOT AUTHORISED	INTEREST (%)
<b>CLYDESDALE/YORKSHIRE BK</b>	1,000	3,000	3,000	3,000	7.22	29.99	3.30
<b>CO-OPERATIVE BANK</b>	1,400	1,700	2,000	2,000	9.79	32.92	0
<b>HALIFAX</b>	2,750	2,750	2,750	2,750	7.20	24.20	2.02
<b>LLOYDS TSB</b>	1,500	1,500	1,500	2,000	8.00	29.80	0.1
<b>NATWEST</b> <sup>a</sup>	1,250	1,400	1,600	1,800	0.00	17.81	0.1
<b>ROYAL BANK OF SCOTLAND</b>	1,250	1,400	1,600	1,800	0.00	29.80	2.02
<b>SMILE</b>	1,000	1,400	1,800	2,000	neg	25.00	3.04
<b>ULSTER BANK (NI)</b>	1,250	1,400	1,600	1,800	neg	12.70	0.1

<sup>a</sup> Plus five-year Young Person's Rail Card

CASHBACK CREDIT CARDS	% CASHBACK ON ANNUAL SPENDING				MAX	APR
	£0-£1,999	£2,000-£3,500	£3,501-£10,000	£10,001+	ANNUAL MAX (£)	%
<b>AMEX Platinum Moneyback</b> <sup>a</sup>	0.5	0.5	1	1.5	no max	15.9
<b>BANK OF IRELAND (UK) Moneyback MC</b> <sup>b</sup>	0.5	0.5	0.5	0.5	75	16.9
<b>CAPITAL ONE BANK Plat Cashback MC</b> <sup>c</sup>	1	1	1	1	no max	15.9 <sup>d</sup>
<b>EGG MONEY MasterCard</b> <sup>e,f</sup>	1	1	1	1	200	7.9 <sup>d</sup>
<b>LEEDS BS MasterCard</b> <sup>g</sup>	0.5	0.5	0.5	0.5	no max	17.9
<b>SMILE Classic Visa</b> <sup>h</sup>	0.5	0.5	0.5	0.5	no max	18.9 <sup>j</sup>
<b>YORKSHIRE BS Base Rate Tracker Visa</b> <sup>g,k</sup>	1	0.5	0.5	0.5	no max	11.6 <sup>m</sup>
<b>YORKSHIRE BS Classic Visa</b> <sup>g,k</sup>	1	0.5	0.5	0.5	no max	15.4

Rates highlighted in red show the categories in which cards are Best Buys <sup>a</sup> Up to 3 per cent cashback for the first three months <sup>b</sup> Also available as a gold card with same rates and features <sup>c</sup> Up to 4 per cent cashback for the first three months <sup>d</sup> Exact rate depends on your credit scoring <sup>e</sup> Available online only <sup>f</sup> Cashback is lost if less than £5 at year end <sup>g</sup> Cashback can be paid as cheque <sup>h</sup> Cashback paid monthly <sup>j</sup> Lower rate of 15.9 per cent available to current-account holders <sup>k</sup> If applied for with a Yorkshire BS Mortgage, the cashback reward will be paid into mortgage account <sup>m</sup> Bank of England base rate for first six months, 5.5 per cent above base rate after that

**40%**

proportion of HSBC customers 'very satisfied' with their current account

WHICH? RESEARCH

## Current accounts

The results of our latest annual survey of current accounts show that, yet again, the big high-street banks lag behind on customer satisfaction. Only four out of ten customers of the big four (Barclays, HSBC, Lloyds TSB and NatWest) are very satisfied with their current account. This compares with eight out of ten who were very satisfied with Smile. Halifax is a new Best Buy this year, getting an average rating for satisfaction, but Alliance & Leicester's Premier account has dropped out due to its less competitive interest rate.

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.

## Student accounts

Free MP4 players, flash drives and railcards are just some of the freebies on offer from banks to entice new students. But however alluring, their value is trivial compared with a decent overdraft, so consider that first. Our Best Buy student accounts have the most generous interest-free and fee-free overdrafts. Once you've used up the free overdraft, you can apply for an authorised overdraft, but most banks will charge you interest on this. Make sure you arrange additional borrowing: the interest rate for unauthorised overdrafts is much higher.

## Cashback cards

Cashback credit cards are ideal if you always or usually pay your bill off every month, as you earn a percentage of what you spend (between 0.5 and 1.5 per cent). Amex Platinum Moneyback card and new Best Buy Capital One Bank Platinum Cashback MasterCard both offer greater rewards for the first three months after opening the account. The Capital One card offers a market-leading 4 per cent for three months, reverting to a competitive 1 per cent after that. The Amex Platinum Moneyback card is good for big spenders, as it pays 1.5 per cent on spending above £10,000 a year, which is doubled to 3 per cent in the first three months of opening the account. It's worth remembering that American Express is not as widely accepted as Visa and MasterCard.

## Your money

### Bonus bravery

In a bold move, HSBC Chief Executive Michael Geoghegan (right) has promised that the size of his next bonus will depend on how satisfied customers are with the bank's performance. 'We will publish customer satisfaction and we will be managed and rewarded on it,' he declared recently.

Brave words indeed, given that our latest survey of consumer satisfaction with current accounts suggests that HSBC has some catching up to do. Only 40 per cent of HSBC customers we surveyed were very satisfied, compared with 80 per cent of Smile customers (see left). Our overall satisfaction rating gave HSBC two stars. For internet banking it gained three stars, but it was let down by its telephone service, for which it was awarded a measly one star.

HSBC owns First Direct, which offers a Best Buy current account that scores well for consumer satisfaction, but our only other HSBC Best Buy is the Preferential Regular Saver 2 account, a regular savings account tied to a current account.

For full details of our latest current account survey, see the August issue of *Which? Money*.



### Credit review disappoints

The Office of Fair Trading (OFT) has responded to our supercomplaint on credit card interest calculation methods (May 2007, p37). Instead of introducing a standard method of calculating APR, it has called for 'a voluntary initiative to increase transparency' and launched a six-month review.

We think this is a disappointing outcome and that more could be done immediately to end a situation where the top 20 credit card providers calculate interest in 12 different ways. We will continue to press the OFT on this issue.

#### NEWS IN BRIEF

##### More pension details

■ The government has announced that total contributions to the new personal accounts pension scheme, starting in 2012, will be capped at £3,600 a year. Personal accounts will be offered to all employees who don't have access to a good workplace scheme.

##### Travel agent regs

■ From 2009, insurance sold by travel agents will be regulated by the Financial Services Authority. 'This finally offers consumers the protection they deserve,' says Which? Chief Executive Peter Vicary-Smith. Until then, read the small print carefully and declare pre-existing conditions.

##### Charity tax relief

■ The government has launched a consultation to boost the use of Gift Aid. Tax relief on charity donations last year came to £828m. Details of the scheme are described in our tax-saving guide, now available online at [www.which.co.uk/tax](http://www.which.co.uk/tax)

##### TAKE ACTION!

If you're taking your mobile phone abroad, check your network's roaming rates: you may find a better deal elsewhere. For a long trip it could be worth buying a local Sim card.

### 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

In the August issue of *Which? Money*, we reveal how to cut your inheritance tax bill, plus the full results of our latest survey of current accounts. Try two issues of *Which? Money* for just £2. Call now on 01992 822800.



PHOTOGRAPHY: REUTERS