



# Money monitor

Best Buys plus  
what's in  
the news

## IS IT WORTH IT?

### Overdraft insurance

Smile has found a new way to make money from its bank customers. It's the first bank to sell insurance that pays off your overdraft if you are unable to work because of illness or redundancy.

Its optional overdraft payment protection insurance costs 50p per £100 of your agreed overdraft limit each month. So if you had a £1,000 overdraft limit, you'd be charged £5 every month – or £60 a year. You have to pay this every month, even if you are not overdrawn. If you need to claim, the policy will pay off a tenth of the value of your overdraft a month for a maximum of 12 months – even if you're not overdrawn.

It's unlikely you would ever claim on the policy – very few people claim on similar insurance offered on credit cards. And part-time workers and people on temporary contracts aren't covered. Neither are pre-existing illnesses.

**VERDICT** Unnecessary and expensive



## Contacts

**American Express**  
0800 700111 (Blue)/  
01273 620555  
(Platinum); www.  
americanexpress.com

**Bank of Ireland**  
0845 7190190; www.  
bankofireland.ie

**Bradford & Bingley**  
www.bradfordand  
bingley.co.uk

**Chelsea BS** 01242  
283593; www.  
thechelsea.co.uk

**Clydesdale Bank**  
0141 248 7070;  
www.cbonline.co.uk

**Egg** www.egg.com

**Halifax/HBOS** 0845 728

3848 (Flat Rate Visa)/  
0845 726 3646 (Save4it);  
www.halifax.co.uk

**Kent Reliance BS**  
08451 220022;  
www.krbs.co.uk

**Progressive BS** 028  
9024 4926; www.  
theprogressive.com

**Saffron Walden BS**  
0800 072 1100;  
www.swhebs.co.uk

**Stafford Railway BS**  
01785 223212;  
www.srbs.co.uk

**Yorkshire BS** 0800 028  
0183 (Base Rate Tracker  
Visa)/0845 120 0100  
(One Day); www.ybs.co.uk

MINI CASH ISAs	ACCESS TYPE OF A/C	AER (%)			DEPOSIT INITIAL DEP (£)	CONSISTENCY BEST BUY FOR 6 MONTHS
		UP TO £2,999	£3,000- £5,999	£18,000		
<b>BRADFORD &amp; BINGLEY</b> Esavings	I	5.00	5.00	5.00	1,000	✓
<b>KENT RELIANCE BS</b> Direct	P	4.96	4.96	4.96	1	✓
<b>YORKSHIRE BS</b> e-Isa	I	4.90	4.90	4.90	10	✓
<b>STAFFORD RAILWAY BS</b> Mini Cash Isa	B/P	4.50	4.50	5.00	1	
<b>CLYDESDALE BANK</b> Mini Cash Isa	B	4.00 <sup>a</sup>	4.20	5.00	1	

Rates highlighted in red show the categories in which the accounts are Best Buys a 3.5% on £1 to £999, 4% on £1,000 to £2,999  
Access Type of banking offered: B=branch; I=internet; P=postal

CHILDREN'S ACCOUNTS	ACCESS TYPE OF A/C	AER (%) £10+	A/C DETAILS		CONSISTENCY BEST BUY FOR 6 MONTHS
			MAX AGE	FREE GIFT	
<b>SAFFRON WALDEN BS</b> Ladybird	B/P	4.90	16	✓ <sup>a</sup>	✓
<b>CHELSEA BS</b> Ready Steady Save	B	4.85	15		✓
<b>HBOS</b> Save4it	B/P	4.80	16	✓ <sup>b</sup>	✓
<b>PROGRESSIVE BS</b> Start Up	B/P	4.80	15		✓
<b>YORKSHIRE BS</b> One Day	B/P	4.80	20		✓

a Moneybox or hip bag b Calculator, coin bank and passbook wallet  
Access Type of banking offered: B=branch; P=postal

CASHBACK CREDIT CARDS	APR (%)	CASHBACK (%)			
		£0- £1,999	£2,000- £2,999	£3,000 £7,499	£7,500+
<b>EGG MONEY</b> MasterCard	6.9 <sup>a</sup>	1	1	1	1
<b>AMERICAN EXPRESS</b> Blue	6.9	0.50	1	1	1
<b>AMERICAN EXPRESS</b> Platinum	8.9	0.50	0.50	1	2
<b>YORKSHIRE BS</b> Base Rate Tracker Visa	10.5	1	0.50	0.50	0.50
<b>BANK OF IRELAND</b> Moneyback/Gold M'Card	14.9	0.50	0.50	1	1

a Rate depends on your credit score

CREDIT CARDS FOR BORROWING	APR (%)	TYPE OF BORROWER		
		OCCASIONAL PAYER	NEVER PAYER	HOLIDAY PAYER
<b>HALIFAX</b> Flat Rate Visa	5.9		✓	✓
<b>AMERICAN EXPRESS</b> Blue	6.9	✓	✓	✓
<b>EGG MONEY</b> MasterCard	6.9 <sup>a</sup>	✓	✓	✓
<b>YORKSHIRE BS</b> Base Rate Tracker Visa	10.5	✓		

a Rate depends on your credit score

## Which? triumphs on pensions



John Hutton's plans for state pensions get Which?'s approval

The proposed National Pension Savings Scheme is a triumph for Which?'s longstanding campaign. The plan is for all workers without a company pension to be automatically enrolled and to pay in 4 per cent of their salary. Companies must contribute a further 3 per cent and the government 1 per cent. John Hutton, Secretary of State for Work and Pensions, said the reform seeks to ensure that 'future generations can take increasing personal responsibility for building their retirement savings'.

The basic pension will go up in line with earnings rather than prices, probably from April 2012. And from 2010 the number of years needed to qualify will fall to 30 – from the current 39 for women and 44 for men. This means 70 per cent of women will get a full pension compared with just 30 per cent now.

All this will be paid for by increasing the state pension age to 66 by 2026, 67 by 2036 and 68 by 2046. Anyone aged 47 or over at the moment won't be affected by this increase.

## Overdraft charges go down

Northern Rock customers with unauthorised overdrafts will pay less interest in future. The bank says it will charge a higher interest rate only on the unauthorised amount rather than on the full overdraft. A spokesman for Northern Rock said: 'This brings us in line with other banks and will be welcomed by our customers.'

Nationwide is the only current-account provider still charging higher interest on the full overdraft. It said: 'Our customers can still be better off with us because of our lower interest rates and fees.'

### NEWS IN BRIEF

#### New property investment

■ From January 2007, real estate investment trusts (Reits) will pool investors' money and invest in property or property companies. Reits could be good if you're looking for an income, as they must pay at least 90 per cent of profits as dividends. Shares will be bought and sold on the stock market and can be put in an Isa or pension fund. We'll have more on Reits in October.

#### Kent Reliance

■ New members of Kent Reliance Building Society will no longer have to sign any future windfall from demutualisation away to charity. The building society has scrapped its charitable assignment scheme, introduced in 2000 to deter potential carbetbaggers, who join building societies in the hope of getting a windfall if a society converts to a bank.

#### TAKE ACTION!

If you're booking your summer break, don't buy your travel insurance from your holiday company. You'll probably pay over the odds, and new Which? research shows travel agents sell travel insurance very badly (see p22).

## Mini cash Isas

Make the most of your savings by investing in a tax-free Isa. Top of the table this month is Bradford & Bingley's Esavings account, which pays 5 per cent, although you have to invest at least £1,000. If you've got less than this, Kent Reliance is a good bet.

Only Isas that allow transfers into the account can be included as Best Buys. If you don't have any money to transfer, National Savings Direct Isa is worth a look. It pays 5.05 per cent on balances up to £3,000, with a minimum deposit of £1,000.

## Children's accounts

There's considerable consistency among our Best Buy children's accounts, so once you've opened one, there's a good chance it will stay competitive for a while. Saffron Walden's Ladybird account is still paying the best rate. It comes with the added incentive of a free moneybox or hip bag.

If you want a child trust fund, our Best Buy cash accounts are Yorkshire Building Society, which pays 6 per cent (reverting to 5.3 per cent after a year) and Ipswich Building Society, which pays 5.25 per cent.

## Cashback cards

Cashback credit cards are a good idea if you always or usually pay your credit card bill in full every month. You'll get back a percentage of what you spend, though it usually depends on how much you spend.

Egg Money gives you 1 per cent no matter what you spend, although it won't pay more than £200 a year. If you spend a lot, American Express Platinum pays 2 per cent on spending above £7,500, though it's worth remembering that American Express is not as widely accepted as Visa and MasterCard.

## Cards for borrowing

Our Best Buys are the only ones to take into account the interest rate as well as the way cards charge interest to calculate the true cost. American Express Blue and Egg Money MasterCard are Best Buys in all categories. Egg Money's rate is risk based, so the rate you get depends on your credit score. With other cards, the advertised rate is the rate you'll get.

## 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.

### Free website access

Our exclusive members-only website contains regularly updated Best Buys for credit cards, current accounts, Isas, savings accounts and mortgages. There is also information on car, house and travel insurance, financial advice and protection insurance. So go to [www.which.co.uk](http://www.which.co.uk) for all your financial needs.