

[money monitor]

Helping you make the right financial decisions

Roundup

COSTLY KIDS' SPENDING CARD

Bliss magazine and Match magazine are offering their young readers a new spending card at a hefty price. The idea is that parents can load money on to the card for their children to spend. The card costs £9.95 to buy, and you have to pay to load money on to it – for example, 85p to load £20, a whopping 4.25 per cent. It even costs £1 to get a Pin number to use the card.

JOHN LEWIS RATE HIKE

John Lewis and Waitrose recently topped our high-street store customer satisfaction survey. But they now risk upsetting customers after increasing their credit card's interest rate from 14 per cent to 15.5 per cent last month at a time when rates aren't going up.

BANK CHARGES

We'd like to hear from you if you think you've been charged excessively for going above your agreed overdraft limit or paying a credit card bill a few days late. Did you try to refuse payment? If so, what happened? Email your experiences to us at the address below.

Limits of cancer cover



You should think carefully before taking out Virgin's new cancer insurance policy. Unlike a critical illness policy, it doesn't cover you for illnesses like heart disease or strokes.

Not all cancers are covered – for example, the early stages of cervical cancer and non-melanoma skin cancer. The way the policy works is complex as the amount it pays out depends on the cancer's severity. You may only get as little as 10 per cent of the sum insured if your cancer is detected early.

We think Virgin's advertising on its website could mislead people into thinking they would be covered by its policy when they might not be. It quotes a figure that one in six people will get cancer before the age of 70, but it doesn't make clear exclusions mean you may not be covered by its policy.

Although critical illness policies cover many more ailments than Virgin's cancer cover, only about half of people sick for six months or more would actually receive anything from such policies. Income protection is a much better option than either, as it covers stress and bad backs, for example. Instead of offering a lump sum it pays a monthly income for the whole time you're off work.

Frowning on Smile

Smile's recent decision to drop its interest rate from 3.30 per cent to 3.04 per cent will leave many of its customers unhappy. And they're unlikely to be smiling at the news that it has also hiked up its charges for unpaid transactions, like standing orders or direct debits, by £5.

Even with these changes, Smile's current account is still a Best Buy, and remains top in our survey for customer satisfaction.



If you were about to switch to Smile, you might now want to consider Nationwide instead. Nationwide is whacking up its credit interest rate on its Flex account from 3 per cent to 4.25 per cent from 1 April. You have to pay in £1,000 a month to benefit from this leading rate.

BEST BUY CARDS

Mini cash Isas

It's always best to use up your tax-free Isa allowance in a Best Buy cash Isa before putting money into a savings account. Halifax Saver Direct and Bradford & Bingley (B&B) Esavings come top this month. Both pay 5 per cent and have been Best Buys for six months. You need an initial deposit of £1,000 with the B&B Isa.

This month, we've also looked at which Isas have performed consistently well for the last six years. See p28 for more on this.

Remember that you can open only one cash Isa account in a tax year and the most you can invest in it in one tax year is £3,000. Once you've invested this amount, if you take some out you can't put it back in again.

Children's accounts

Our Best Buys are instant access accounts so you can make deposits or withdrawals at any time. Their rates are variable.

There are also a couple of fixed-rate accounts worth a mention. If you can tie your savings up for a year, the Halifax Children's Regular Saver

pays an impressive 10 per cent. The most you can pay in is £100 a month. Coventry Building Society's Family 1st account pays a fixed rate of 7.25 per cent for a year if you arrange for your child benefit to be paid in each month. It's an instant access account.

Child trust funds

As well as your £250 CTF voucher, you can invest a further £1,200 a year in a CTF account, which your child can't touch until the age of 18. Don't delay, as vouchers that aren't invested within a

year of being issued will automatically be invested by the government into a stakeholder CTF. We don't recommend these as we think their charges are too high. All our Best Buys are cash CTFs.

ACTION NOW

If you're paying the standard variable rate on your mortgage, perhaps because you have never switched or you've come to the end of an introductory deal, you can switch to a lower rate and save hundreds of pounds. Go to www.switchwithwhich.co.uk and use our unique mortgage search to find a better deal. It takes into account setup fees and other costs.

Information based on data supplied by www.moneyfacts.co.uk
Rates correct at 8 February 2006

**We'd like to hear your ideas and views on anything financial.
Please email us at moneynews@which.co.uk**

AND SAVINGS

Credit card transfers

Interest-free credit card deals can be a great way to borrow. The best currently available is HSBC. Its 0 per cent rate lasts for nine months on balance transfers and purchases, and it doesn't charge a fee for transfers.

If you don't want to switch every time an interest-free deal ends, choose a card with a long-term low rate for transfers from our table. Their rates last until you pay off the balance.

The lowest rate comes from Amex Platinum, at 4.9 per cent. It makes sense to have a different card for buying, though, as purchases are charged at the higher rate.

Cards which start the deal from when you make your balance transfer are better than those which start from the date the card is issued because they offer the full interest-free period.

Mini cash Isas

	Access	Interest (%) AER			Deposit	Consistency
		£0-£2,999	£3,000-£5,999	£18,000	Initial (£)	Best Buy last 6 mths
Halifax Saver Direct	O/T	5.00	5.00	5.00	1	✓
Bradford & Bingley Esavings	O	5.00	5.00	5.00	1,000	✓
Kent Reliance BS Direct	P	4.96	4.96	4.96	1	
Yorkshire BS e-Isa	O	4.90	4.90	4.90	10	✓
Barclays/Woolwich Mini Cash Isa	B	4.20	4.30	5.00	10	✓

Access This shows the type of account: B=branch; O=online; P=postal; T=telephone
Rates highlighted in red show the categories in which the accounts are Best Buys

Children's accounts

	Access	AER (%)	Maximum age	Free gift
Saffron Walden BS Ladybird	B/P	5.00	16	✓ ^a
Chelsea BS Ready Steady Save	B	4.85	16	
Halifax/Bank of Scotland Save4it	B/O/P	4.80	16	✓ ^b
Progressive BS Start Up	B/P	4.80	16	
Yorkshire BS One Day	B/P	4.80	20	

^a Ladybird money box ^b Coin bank, kit-bag and wallet

Access This shows the type of account: B=branch; O=online; P=postal

Our Best Buys

Which? Best Buys are unique. We analyse the whole market before recommending a product – and consider, for example, how consistent savings rates have been, not just how good they are now. And, like all Which? advice, it's totally independent – not swayed by adverts or other industry influence.

WHICH? EXTRA

Our exclusive members' 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. See www.which.co.uk/whicextra.

Child trust funds – cash

	Access	Interest (%) AER			Other details	
		£250	£750	£1,450	Minimum payment (£)	Accepts transfers
Ipswich BS Issue 2	B/P	5.25	5.25	5.25	1	✓
Yorkshire BS	B/P	5.30 ^a	5.30 ^a	5.30 ^a	None	✓

^a Rate excludes 0.7 per cent bonus payable for 12 months Access This shows the type of account: B=branch; P=postal
Minimum payment The minimum amount you can pay in, in addition to your CTF voucher

Balance transfers: 0% credit cards

	APR	0% period			Deal starts
	APR (%)	Risk based	Transfer (months)	Purchase (months)	
HSBC MasterCard	13.9		9	9	Transfer
Lloyds TSB Reward Amex	14.9	✓	9		Transfer
Sainsbury's Bank Classic/Platinum Visa	15.9			10	Issue

Balance transfers: long-term, low-rate cards

	Interest rates		Deal starts
	Balance transfer per annum (%)	Standard purchase APR (%)	
Amex Platinum	4.9	8.9	Issue
Morgan Stanley Cashback/Platinum	5.9	15.9	Transfer
Nectar Amex	5.9	12.9	Issue