



# Money monitor

Best Buys plus  
what's in  
the news

## IS IT WORTH IT?

### Mortgage madness

After November's base rate rise to 5 per cent, Birmingham Midshires announced it would lend up to 125 per cent of the value of a property to borrowers with a good credit history and high earning potential.

Its new Mortgage Plus is a repayment mortgage that combines a 95 per cent secured loan with an unsecured personal loan for up to £30,000, which can be used to pay for expenses such as stamp duty and furniture.

Rates can be fixed or track the base rate and both the secured and unsecured loans have the same interest rate. Borrowers make just one monthly payment.

Coventry Building Society and Northern Rock already offer similar products.

**VERDICT** It could help with home-buying costs but borrowing more than 100 per cent of a property's value immediately puts you in negative equity. It's better to save for a deposit if you can, as it could be a long time before the value of your property is enough to pay off your mortgage.

**BM** BIRMINGHAM  
MIDSHIRES

## Contacts

**Abbey** www.abbey.com  
**Alliance & Leicester**  
0800 068 6069; www.  
alliance-leicester.co.uk

**Barclaycard**  
0800 731 0200  
www.barclaycard.co.uk

**Cahoot** www.cahoot.com  
**Direct Line**  
0845 309 0777  
www.directline.co.uk

**Egg Money**  
www.egg.com

**First Direct** 0800 242424  
www.firstdirect.com

**GE Money** 0808 208 1150  
www.gemoney.co.uk

**Halifax** 0800 389 1166  
www.halifax.co.uk

**Intelligent Finance** 0845  
605 8585; www.if.com

**Masterloan**  
0800 056 6223  
www.lowrateoffer.com

**Moneyback Bank**  
www.mbloan.co.uk

**Nationwide BS**  
0800 302010  
www.nationwide.co.uk

**Norwich & Peterborough  
BS** 0845 300 2511  
www.npbs.co.uk

**Smile** www.smile.co.uk

**Ulster Bank (NI)**  
028 9089 8888  
www.ulsterbank.co.uk

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

CURRENT ACCOUNTS	A/C DETAILS		AUTHORISED O/D		SATISFACTION	
	MTHLY PAY IN (£)	INTEREST ON £1+ (%)	ANNUAL INTEREST RATE (%)	INTEREST-FREE LIMIT (£)	ONLINE	OVERALL
<b>ALLIANCE &amp; LEICESTER Premier<sup>a</sup></b>	500	1.50 <sup>b</sup>	7.90 <sup>c</sup>	5	★★	★★★★
<b>ALLIANCE &amp; LEICESTER Premier Direct<sup>a,d,e</sup></b>	500	6.10 <sup>b,f</sup>	5.90 <sup>c</sup>	5	★★	★★★★
<b>CAHOOT</b>		3.65 <sup>g</sup>	11.80	100	★★★★	★★★★
<b>FIRST DIRECT Bank Account</b>	1,000 <sup>h</sup>	2.00	10.90		★★★★★	★★★★★
<b>INTELLIGENT FINANCE</b>		3.00	10.05		★★★★	★★★★
<b>NATIONWIDE BS FlexAccount</b>	1,000	4.25 <sup>j</sup>	7.75		★★★★	★★★★
<b>SMILE</b>	1,000	3.04	11.90 <sup>k</sup>		★★★★★	★★★★★

<sup>a</sup> Includes benefits such as travel insurance <sup>b</sup> 0.10 per cent paid on balances above £2,500 <sup>c</sup> Twelve-month interest-free overdraft for new customers <sup>d</sup> Must register for this account with a valid email address <sup>e</sup> No paper statements available: account transactions must be viewed online <sup>f</sup> On credit balances up to £2,500 for new accounts until 31 December 2007 <sup>g</sup> 3.75 per cent without a chequebook <sup>h</sup> Goes up to £1,500 from 1 February 2007 <sup>j</sup> 4.25 per cent on the first £3,000, then 0.25 per cent above £3,000 <sup>k</sup> Twelve-month £500 fee-free overdraft

LOANS	APR (%)		AMOUNT		CONDITIONS	
	£5,000 OVER 3 YEARS	£10,000 OVER 5 YEARS	MIN (£)	MAX (£)	EARLY REPAYMENT PENALTY	CREDIT SCORE
<b>RISK BASED</b>						
<b>MASTERLOAN</b>	5.70	5.70	1,000	15,000	✓	✓
<b>ABBEY<sup>a</sup></b>	5.80	5.80	1,000	25,000	✓	✓
<b>MONEYBACK BANK<sup>a</sup></b>	5.80	5.80	3,000	20,000	✓	✓
<b>NON-RISK BASED</b>						
<b>DIRECT LINE</b>	6.10	6.10	2,000	25,000	✓	
<b>NATIONWIDE BS</b>	7.80	6.70	1,000	25,000	✓	

Rates highlighted in red show the categories in which accounts are Best Buys <sup>a</sup> Online only

CREDIT CARDS FOR BORROWING	APR (%)	TYPE OF BORROWER		
		OCCASIONAL PAYER	NEVER PAYER	HOLIDAY PAYER
<b>HALIFAX Flat Rate Online Visa</b>	5.9	✓	✓	✓
<b>BARCLAYCARD Simplicity Platinum Visa</b>	6.8	✓	✓	✓
<b>EGG MONEY MasterCard</b>	7.9 <sup>a</sup>	✓	✓	✓
<b>YORKSHIRE BS Base Rate Tracker Visa</b>	11.0	✓		✓

<sup>a</sup> Rate depends on your credit score

FREE BALANCE TRANSFERS: 0%	APR (%)	0% PERIOD (MONTHS)		
		TRANSFER (MONTHS)	PURCHASE (MONTHS)	DEAL STARTS
<b>ULSTER BANK (NI) Gold MasterCard</b>	16.9	6	6	Transfer
<b>NORWICH &amp; PETERBOROUGH Visa</b>	14.9	6	n/a	Transfer

All rates correct at 4 December 2006

Information based on data provided by moneyfacts.co.uk

If you've got ideas or views on anything financial, we'd love to hear from you. Please get in touch with us at [moneynews@which.co.uk](mailto:moneynews@which.co.uk)

**£2,330**

The average UK house price in 1957  
(equivalent to £33,575 today)

COMMUNITIES AND LOCAL GOVERNMENT

## 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 after it increases its minimum monthly payment in February.

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

## Loans

Unsecured personal loans are the cheapest way to borrow larger amounts. Interest rates and the repayment term are fixed, so you know how much you have to repay and for how long.

Masterloan Bank offers the best deal, with a typical rate of 5.7 per cent. However, the rate you get will depend on your credit rating and may be different from the rate shown. Make sure you compare the rate you are given with the non-risk-based rates shown, in case they're cheaper. Direct Line is currently cheapest for non-risk-based loans.

## Cards for borrowing

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

## Balance transfers

The longest fee-free deals are for six months, offering 0 per cent on both balance transfers and purchases. If you want a 0 per cent deal for longer than six months, you'll have to pay. GE Money offers 12 months at 0 per cent for purchases and balance transfers (for a fee of 2.5 per cent of the balance).

## Your money

### Speak up to Norwich Union

More than one million Norwich Union policyholders could lose out if they don't make their views known over the coming weeks. The company has accumulated an estimated £4 billion in with-profits funds that do not belong to any particular policyholder – known as 'orphan assets'. If these were distributed, 90 per cent would go to policyholders and 10 per cent to shareholders.



Let Clare Spottiswoode know your views

However, Norwich Union is looking at whether shareholders could buy out the interest of policyholders by offering them each a cash sum – likely to be less favourable to policyholders than the 90 per cent deal. It's appointed Clare Spottiswoode to represent policyholders, and she will be holding open meetings around the UK in January and February.

Doug Taylor of Which? said: 'Clare Spottiswoode has an easy job – 90 per cent of the funds should be given to policyholders. Policyholders should make their views known to ensure they are not being short changed.' For more information see [www.policyholderadvocate.org](http://www.policyholderadvocate.org) and [www.which.co.uk/money](http://www.which.co.uk/money).

### Capital One criticised by watchdog

'Most serious and potentially damaging to consumer confidence' was how the Banking Code Standards Board (BCSB) criticised Capital One for breaking the Banking Code by sending credit card cheques with amounts already filled in to 800,000 customers in 2005. These cheques incur interest as soon as you spend them and a handling fee of around 2 per cent. And, unlike with credit cards, there is no protection from the Consumer Credit Act.

Capital One said: 'We have contacted all our affected customers to apologise and reassure them that systems have been put in place to prevent this from ever happening again.'

#### NEWS IN BRIEF

##### Cheque reforms

■ From November 2007 cheques deposited into basic and current accounts can be withdrawn after no more than four working days and won't be bounced more than six working days later unless you are a knowing party to fraud.

##### Travel insurance

■ The Treasury is looking at whether the sale of the insurance through travel agents should be regulated, following our report last July, which found that some agents were mis-selling insurance. We want all sales of travel insurance to be regulated by the FSA.

##### Ignore cold calling

■ Complaint handler Morgan Green is still cold calling homeowners offering to take on their endowment complaint for an upfront fee of £500. From April this will be outlawed. If you get called, put the phone down. See [www.which.co.uk/endowmentaction](http://www.which.co.uk/endowmentaction) for how to complain yourself – free.

##### TAKE ACTION!

The deadline for self-assessment tax returns for the 2005-06 tax year is 31 January, so get yours to HM Revenue & Customs by then to avoid a £100 penalty.

### 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.

### COMING SOON

#### Our new magazine

At Which? we are committed to making sure that you get the best deals for you and your family. That's why in February we will be launching *Which? Money*, a new monthly magazine packed with money-saving tips, easy-to-follow guides and Best Buys. Watch out for more details in next month's *Which?*