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MONEY BOX

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LEWIS: Hello. In today's programme, if the snow stops you flying, travelling or going to an event, will your insurer pay your loss? Are winter tyres worth the expense? Bob Howard's here. He's been out with a new sort of plastic card.

HOWARD: Contactless cards don't require you to enter a PIN. Some listeners say that's putting them at much greater risk of fraud.

COLEMAN: Somebody could easily spend just under £15 in quite a few shops. Now how am I supposed to prove that it wasn't me who spent that money?

LEWIS: And energy bills. One MP tells us energy companies are discriminating against those without internet access.

But we start with snow. For the second time this year, the UK has been practically paralysed by cold weather and snow: airports shut, trains not running, many roads blocked, and the firm advice not to travel unless you have to. So what compensation can you get for tickets you're unable to use or appointments you've missed? And if the failure of the travel services means you have to stay in a hotel, can you claim for those costs? Many of you have been emailing us already asking whether insurance should cover your costs and which insurance - travel, motor, home, holiday company - you might be able to claim on. Here's Money Box listener Carol who's trapped by snow in Livingston, West Lothian.

CAROL: I'm due to go on holiday on Monday, flying from Glasgow airport. The airport is open. My worry and my concern is I cannot get to the airport. I'm five foot and when I walk out in my garden, the snow is up to my thighs. None of the roads here have been cleared. I phoned my insurance company. I was advised that if I was unable to get to the airport, I could make a claim. However, it would be dealt with on a case by case basis. So we are sitting here with our cases packed, but we really are in the lap of the gods as to whether we get to the airport or not.

LEWIS: Well one listener's experience. Live now to talk to Malcolm Tarling from the Association of British Insurers. Malcolm, that's really our very own West Lothian question, isn't it? Will Carol be covered by her insurance?

TARLING: Well I think, as Carol's already been told, that she may well be covered by her travel insurer. I think you're looking at three particular scenarios here. Firstly you've got delays that turn into abandonment if you can get to the airport and it takes you some time to get off and if you decide that the delay is so long, you wish to abandon your trip, and most policies that cover abandonment will cover you in those circumstances. Then you've got missed departure where you've got all the good intentions of setting off, but bad weather means you don't get to the airport and you miss your flight. And then you've got the third case, which Carol finds herself in - is where you're unable to get out of your home because you're snowed in and get to the airport. And I think insurers are going to take a pragmatic view of this. I mean wherever possible, they would like you and would expect you to make a reasonable attempt to get to the airport if that airport is open, but they don't expect you to put your life in any danger obviously and they expect you to check with the weather warnings and follow the advice that's been given and also talk to your tour operator, your travel agent, and check with the airport as to what they advice.

LEWIS: So is that the advice to Carol? I mean several insurers have said similar things to us: if you stay put in your house, thinking I can't get out, you won't be covered; but if you make an effort and then you fail, so you're sort of sitting shivering in a car or a train overnight, then they will pay up. That doesn't really seem very fair.

TARLING: Well insurers will not expect you to put yourself or your family at risk or in danger. They'll be practical and pragmatic in a situation like this. If the authorities and the general advice is don't travel, the roads are impassable, it's too dangerous, then they won't expect you to travel. But where it is possible to make an attempt - and I think most people if they've booked a holiday despite the snow would at least want to make some attempt to get to the airport if it is not dangerous to do so. So don't put yourself at risk obviously.

LEWIS: Well I suppose with drifts that are half as high as you are, as in Carol's case, it's a bit difficult, isn't it? Well stay with us, Malcolm, but also listening to that is Sean Tipton from the Association of British Travel Agents. Sean, we had an email from another listener, Cathy. She was distressed. She was booked with a major tour operator, flying from Gatwick. The airport was closed by snow till yesterday. She was told her travel insurance didn't cover adverse weather closing the airport. Who's responsible for covering that one?

TIPTON: Well to be fair, this is not something she'd need to claim from her insurance anyway because anybody whose holidays were cancelled due to airports being shut - whether it's a flight only or a package holiday - for a flight only in that instance, the airline would be responsible to allow the customer to rebook or to have a refund. And if it's a package holiday, the tour operator would take exactly the same attitude. So in that case, you don't really need to go to your insurance company to claim if you've actually missed your flight or your holiday because the airport was shut.

LEWIS: Well she was eventually told that, but it took two days on the phone, I think, before her travel operator finally told her that. What about people who bought insurance, Malcolm, after the snow started? Will that cover them for snow delays? *(silence)* Malcolm, are you still there?

TARLING: Yes, I am, sorry. The purpose of insurance is designed to cover you against events that you couldn't reasonably foresee or weren't apparent when you took the policy out. I think if you take out a policy now when the snow is lying in

some places six feet and you're unable to get out of your home, that could cause problems if you need to make a subsequent claim. I think for most people, they will have taken out insurance weeks or months before when the prospect of these heavy snowfalls couldn't necessarily have been reasonably foreseen.

LEWIS: Okay Sean Tipton, thanks, and Malcolm, stay with us. But before I come back to you, what about trains? If you bought a ticket to travel and your train was cancelled or delayed or you couldn't get to the train station, what are your rights? Money Box's Ruth Alexander's been looking at this. Ruth?

ALEXANDER: Well if your train is or was cancelled, you'll be able to get a refund; but if it was only delayed, you might not. It depends on the train company. Some of them take the view that as bad weather is beyond their control, they don't give a refund. But the Association of Train Operating Companies told me that it's always worth asking for a refund because although a company's terms and conditions say one thing, they might be more sympathetic in reality.

LEWIS: And what about, Ruth, if you had tickets for an event - a concert maybe or a theatre - and you couldn't get there because of the snow?

ALEXANDER: Well again it depends. I spoke to Ticket Master, one of the big online sellers. It said you'll only get a refund if the artist cancels (because I guess they get stuck in snow too) but if you can't make it and the show is a long running one, you'll likely be offered an exchange or a credit voucher if you let them know two to three days in advance. But if the show's a one-off or there were just a few dates, or in some cases if it was put on by an outside promoter, you won't get your money back.

LEWIS: Thanks Ruth. And we are in the grip of our second bad snowfall, as I said, throughout much of the UK within 12 months and many car owners are wondering if they should fit winter tyres like they do in many colder European countries. Now these tyres are made of a different rubber compound. It stays flexible in freezing conditions and the tread grips better in wet and icy roads. If they make your journey safer, you would expect your car insurer to be pleased. That wasn't what Money Box

listener David Leyton found after he had winter tyres fitted and told his insurer.

LEYTON: The insurance agent had never heard of winter tyres and there was a certain amount of toing and froing back to the underwriter. Ultimately once we'd established that I couldn't validate that the speed of the new winter tyres rating was exactly the same as the standard tyre, she announced that my insurance had been terminated forthwith. I went back to the agent, which was BMW. They confirmed that these were the BMW approved tyres specific to the chassis number of my car. I then recalled the call centre. They checked with the underwriter and I was insured again. My concern is the speed with which one can get uninsured, what can happen during that time.

LEWIS: Well a set of these tyres can cost you £500 to even £1500. Chris Patience is Head of Technical Policy at the AA. I asked him first if winter tyres were even a good idea in the UK.

PATIENCE: If you're living in one of the remote areas, maybe you're on the moors or up in Scotland, then without doubt winter tyres make sense. They're far more effective, far more surefooted in cold temperatures on wet roads as well as on ice and snow, so yes definitely worth considering.

LEWIS: Given that these tyres clearly can affect the performance of the car, do you have to tell your insurer about it?

PATIENCE: I can't think of a technical reason why you should have to. These tyres without doubt work better than summer tyres during the winter, so you're reducing the risk of a single vehicle or multiple vehicle accident.

LEWIS: But we've been contacted at Money Box by listeners who've had winter tyres fitted, have been told by their insurer that in one case the policy was cancelled, others have been threatened with higher premiums. Many of them have been told, "You must tell us. This is a change in the specification of your vehicle."

PATIENCE: Because of these sort of stories, we would advise that you check with your insurer, but I can't understand why an insurer would refuse or even increase the premium on a policy. Certainly we're looking to seek an industry wide position on this from the insurers.

LEWIS: So the AA is actually in contact with the insurance industry to get some clarity on this?

PATIENCE: We will be, certainly yes.

LEWIS: Well that was Chris Patience from the AA. And we've had a response from David Leyton's insurer, HSBC, which says in fact his policy wasn't cancelled, but the spokesman did admit that having listened to the recording, he can understand why he thought it had been. Still on the line is Malcolm Tarling of the Association of British Insurers. Malcolm, fitting winter tyres seems a sensible step. Why are insurers causing problems for people who do it?

TARLING: Well indeed it does, Paul, and I'm very surprised to hear from your listener David's recount of what's happened. Having spoken to the leading insurers, they all tell me the same thing: firstly that winter tyres are indeed a good thing where you're driving in snowy conditions and living in areas where snow is a problem. They would not see it as a material risk that would change the insurance and, therefore, they wouldn't increase the premium in any way. So I'm slightly surprised at your listener's experience.

LEWIS: But in a word, do you have to tell your insurer?

TARLING: I think the general view is that insurers wouldn't expect to be told, but I would always err on the side of caution and I would tell my insurer. The one thing that I think is important is that if you do get winter tyres fitted, you get them fitted properly. Make sure you follow the manufacturer's specifications and get them fitted by a reputable dealer.

LEWIS: And take them off after the winter's over. Malcolm Tarling, thanks very much.

Well let's move away from snow now. Listeners have been contacting us here at Money Box about replacement debit and credit cards which they've been sent but they think are not secure. These new cards are contactless. They have a special wave symbol on them and they can be used to buy items up to £15 without having to enter a PIN. Barclays says 10 million of its customers already have these contactless cards. MBNA plans to send out 5 million more soon. The banks and retailers believe they'll replace cash when we buy small items like a cup of tea or a newspaper, but not everyone's happy. Bob Howard's been to Northampton, the home of Barclaycard, to speak to Heather Coleman. She's a Barclaycard customer. She's convinced they increase the risk of fraud.

COLEMAN: It implies in the literature that I don't need to use my PIN for anything under £15. Now if I was to say go in, use my debit card a couple of times say in a cash point and then going around in a couple of shops and then somebody was either to pickpocket me or I just dropped my card, somebody could easily spend sort of just under £15 in quite a few shops before I managed to actually alert Barclays Bank that my card had been lost. Now how am I supposed to prove that it wasn't me who spent that money?

HOWARD: So, Heather, we're going to put this to the test. You're going to lend me your card. I'm going to buy a cheap sandwich from the local sandwich shop which has this contactless card system and we'll see whether it detects that I am not you. Right, what do we fancy? Do you want a biscuit or something?

COLEMAN: Something like that.

HOWARD: Hello, could we have two chocolate chip cookies, please?

SALESWOMAN: And is there anything else?

HOWARD: That's it. Can I use a contactless card?

SALESWOMAN: Certainly.

HOWARD: I understand you use them. I was interested to try it out. What do I do?

SALESMAN: Pop it on top of there and wait for that,

HOWARD: Okay, so I pop it on there. There's no PIN or anything?

SALESMAN: No.

HOWARD: Okay, fantastic, we've got our bics.

COLEMAN: Okay, well that'll keep us going.

HOWARD: Thanks a lot then. Thank you. So, Heather, I managed to get a sandwich on your card. Does that make you more worried than you were before, or does that just confirm your suspicions?

COLEMAN: Well it confirms my suspicions. I'm sort of completely at a loss as to how they expect this to be secure. I don't get it.

HOWARD: Okay, well hopefully we will get it. We're going to see Barclaycard now to have them explain something about the card and see whether we can get them to answer some of your questions. Well we've arrived at Barclaycard and I'm with James Cook. He's the Head of Public Relations for Barclaycard. Heather is here as well. So what's in it for you and the retailers? What's wrong with cash?

COOK: It's about speed, it's about convenience. It is a better alternative than cash and, yes, we can demonstrate that here today. There we go.

HOWARD: So Heather is now going to use James's card to make a payment.

COLEMAN: It says it's been approved.

HOWARD: Ah!

COLEMAN: It's a good thing James is here.

HOWARD: But, James, that's not you using the card.

COOK: No, but I am within a few inches of Heather and I have given her permission to make this payment on this occasion.

HOWARD: But if Heather had pick-pocketed you or whatever, she could easily have gone round and all she needs is the card. You don't need a PIN, do you?

COOK: Well there are a number of built-in safety features on the card - one of which is if I continue to make contactless transactions one after the other, after a relatively few - and we're not going to give details of how many - it will ask me to put my PIN in to make sure that it's still in my possession. And the other thing I'd say is of course if you do lose any money because of fraud on your card, we will reimburse you.

COLEMAN: How can somebody who's had their card stolen while out shopping, so they've already used their card a couple of times that day and then they drop it with cold fingers, how are they to prove that the next three transactions made on that card weren't made by them?

COOK: Well it's a case of if people come to us with evidence, explain the situation, then we will look at that on our merits. But I mean we're talking about relatively small amounts of money here. You know we're not going to upset and fall out with our customers over relatively small transactions. We do believe our customers and we will honour our fraud guarantee.

HOWARD: But it seems almost like you're willing to write off a certain amount of fraud in order to roll this out?

COOK: We make a guarantee. We look at those figures and there is nothing that causes us any concern about the levels of fraud we are seeing on contactless payments.

HOWARD: Why does it have to be compulsory?

COOK: It's simply the way that the cards are manufactured. They're manufactured in bulk and then personalised at a later date.

COLEMAN: I'd be much happier if I could opt out. It must be possible in the software to actually flag particular accounts at that point as to whether they are allowed for contactless or whether the customer has opted out. It seems to me completely ridiculous this has to be compulsory.

HOWARD: If enough people say they don't want it, would you look at giving people an opt out?

COOK: We're not forcing anybody to use the technology and most of our competitor banks are doing exactly the same thing. It is a very simple and convenient technology that when people get used to it and try it, they really, really appreciate.

LEWIS: James Cook of Barclaycard. Well this morning I rang Heather Coleman back to see if she'd changed her mind about the security given that only a limited number of purchases can be made before a PIN has to be put in.

COLEMAN: What actually struck me after the interview was this insistence that £15 is a small sum of money. I'm sure that to many Money Box listeners actually that's not the case at all, especially for your listeners who are pensioners.

LEWIS: Yes, well I'm sure that's true. And you're saying that even if, I don't know, £60 or £75 came out of your account, that would be a significant worry to people?

COLEMAN: It would be a very significant worry.

LEWIS: Now Barclaycard was very clear that they won't let you opt out of this system once you've got your card with this facility in it. Would you consider changing to one of the banks that say they will let you opt out?

COLEMAN: I might have to consider that. I can't see that they won't bow to customer pressure. I think that customers and the media need to put pressure on all the banks to make sure that all the banks offer an opt out.

LEWIS: And if they don't offer an opt out, you might move to a bank that did offer one?

COLEMAN: Yes, I might definitely move to a bank that offers one.

LEWIS: Well Bob is still here. Bob, will Heather have an opt out choice with other banks?

HOWARD: Well I think she will, Paul. HSBC and Lloyds Group, which are conducting trials, say customers will be able to opt out. But MBNA, which like Barclays is now actually rolling this out, says customers can't opt out and Co-op customers won't be able to either if it decides to introduce it after a trial next year. And, Paul, although Barclaycard insisted to me its customers can't opt out, Money Box listener Lesley from Kent contacted us this morning to say she had complained about getting a contactless card from Barclays in July. In the end, she says the bank did agree to issue her a new debit card without the contactless provision.

LEWIS: There we are, don't take no for an answer. Thanks, Bob. And you can let us know your views on contactless cards on our website, bbc.co.uk/moneybox. Many of

you already are.

Now we reported last week that the energy regulator Ofgem was investigating the major energy suppliers after their profits jumped by nearly 40% in 3 months. We advised people how to save money by using the internet to change their supplier. But several listeners have told us things are not that simple. Even those with internet access find it increasingly difficult to find the best tariff among the huge choice available, and those without internet access feel they're missing out on the best deals which are only available to online customers. Well Money Box's Ben Carter has been looking into this. Ben, we hear a lot about online tariffs. What are they and how much better are they?

CARTER: Well, Paul, online tariffs involve you, not surprisingly, signing up online, receiving paperless bills via an email address, and submitting your readings online. uSwitch looked at tariffs offered by the big six suppliers and compared the standard plans with the online plans, and they found that if you signed up online you'd be an average of £136 a year better off. In the worst case scenario, someone paying by cash or cheque for a standard tariff could be over £400 worse off than someone paying by direct debit for an online tariff.

LEWIS: Well that hardly seems fair to people who aren't online.

CARTER: Well no. I mean we know this is something that Ofgem will be looking at, but potentially there is a discrimination issue here. Age UK have said that 64% of people over the age of 65 have never used a computer or the internet, and as a result they can't take advantage of the cheapest method of paying bills. Now the 2010 Equality Act already covers age discrimination, but in 2012 that provision will be extended to cover goods and services. We've spoken to two lawyers who specialise in discrimination law and they told us that under the Equality Act the service provider must not discriminate as to the terms upon which the service is provided, so potentially giving the best deals online could be seen to be discriminatory.

LEWIS: Thanks, Ben. Well earlier I asked Tim Yeo MP, who's Chairman of

Parliament's Energy and Climate Control Select Committee, what he thought of the current situation.

YEO: It's not fair, in fact it's wrong, and the tragedy is the very group that we most want to reach to give them the best chance of switching to the lowest possible tariff includes a large number of people who simply don't have access to the internet. And this is a group that's very hard to reach, who actually need to have the chance to switch, and we've got to find other ways of letting them do that.

LEWIS: I think most of them do let people use the telephone to do it. But of course even if they do that, they won't get the cheapest rates because the cheapest rates are only available to people who will pay by direct debit and have online success, so they are doubly discriminated against, aren't they?

YEO: Yes they are, and I think that's really the rub because the fact that the lowest tariffs are only available by using a method which some people are effectively excluded from does penalise those people. They are being discriminated against.

LEWIS: So what do you think should happen? The recent Energy Act gives the Secretary of State powers to make energy companies provide support for people in fuel poverty. That's not been brought into effect yet. Would your committee like to see it in effect and some action taken against the companies to make them offered the same tariffs to people whether they're online or not?

YEO: Well my committee hasn't yet considered this, although it's something we might come to next year, but I think all of us individually would support the idea that there should be open access to the lowest possible tariffs.

LEWIS: And just to be clear, although your committee hasn't considered it - though you say it might look at it next year - you personally support the policy that every household online or not should have access to the lowest tariff?

YEO: Yes, I do. I mean I can see why we've got to this position now and I don't therefore criticise what's gone on in the past, but I do think it's time that companies faced up to the fact that the only way to be fair to this particular group is to offer them access to the same tariffs.

LEWIS: Tim Yeo MP. And, Ben, what have the energy companies said in response to this?

CARTER: Well Energy UK told us that elderly and vulnerable customers in particular may well be eligible for social tariffs which provide special low prices to people struggling to pay their bills. But Ofgem says that companies are not advised to offer social tariffs and that they are at the sole discretion of the supplier.

LEWIS: Thanks for that, Ben. Well with me is Tom Lyon who's an energy expert at the online comparison site uSwitch. Tom, there will be a lot of people listening to this thinking I haven't got access to the internet. What can I do to reduce my bills? What can they do?

LYON: Well to start with - most people, if they don't have the internet, they may well know someone who does have the internet. So for example if you're elderly, perhaps you have you know a son or a grandson who uses it who can help you. You don't necessarily need to have a lot of interaction with your energy supplier on a day to day basis, so if you've someone to help you there, you may be able to still get onto online tariffs. There are some online tariffs - for example one offered by EDF Energy - that's very competitive at the moment that doesn't actually require you to manage your account online. You can get it simply by either going online to the supplier directly or by speaking to a comparison site.

LEWIS: So that's useful if you've got a relative who can help you. If you don't, can you ring people, comparison sites like yours up on the phone and get the same deal as you could online?

LYON: Not with every supplier. You can certainly speak to our people and get access

to those online tariffs, but you would still need an email address in the majority of cases to sign up. There are some exceptions like the one from EDF. But that's not to say you can't still save a significant amount of money even if you can't take an online tariff.

LEWIS: And briefly, what about these social tariffs for people who are struggling with their bills. They're only available to some people through some companies. Can they get those through comparison sites and your telephone service?

LYON: It's usually best to go directly to the supplier for those. Typically if you are elderly and/or you're on benefits, you've got a good chance of being eligible for them.

LEWIS: Tom Lyon from uSwitch, thanks. Well that's it for today. You can find out more from our website, bbc.co.uk/moneybox, where you can sign up to my weekly newsletter, download a podcast, listen to the programme again and have your say on those contactless cards. Many of you are. Vincent Duggleby's here on Wednesday with Money Box Live taking your questions on banking. I'm back with Money Box next weekend. And if you can't wait, you can read my tweets all week on my new twitter: Paul Lewis Money. Today reporters were Bob Howard and Ben Carter. The producer was Ruth Alexander. And I'm just going to say that we've had an email from Maggie who says 'Snow tyres are brilliant in Aberdeen. Worth every penny.' I'm Paul Lewis.