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MONEY BOX

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TRANSMISSION: 13th MARCH 2010 12.00-12.30 RADIO 4

LEWIS: Hello. In today's programme, the law firm used by one of the country's largest claims management companies is closed down for suspected dishonesty. What now for tens of thousands of outstanding claims? If you buy things online or on the phone, can the retailer pass your details onto another company and can it take money without permission?

HAYTON: They invited me to receive a brochure, and the next I knew, a firm had taken £99 without my authority.

LEWIS: The bank that improves its customer experience by giving them less information. The overseas pensioners who say not giving them their full pension abroad denies their human rights. They'll find out if the European Court agrees on Tuesday. And millions of people can claim compensation for mis-sold insurance on loan repayments.

But first, millions of pounds of customer money may be at risk following the forced closure of a law firm used by one of the biggest claims management companies in the country. Consumer Credit Litigation Solicitors handled tens of thousands of cases on behalf of Cartel Client Review, but this week it was shut down by the Solicitors Regulation Authority. Money Box revealed last month that the two firms were being investigated and that customers were complaining they'd paid hundreds, sometimes thousands of pounds, to have these firms get rid of their debts but see nothing for their

money. Ruth Alexander's been following this. Ruth, just remind us first what a claims management company does?

ALEXANDER: Well the law states that credit card agreements, loans, car finance and mortgages should be drawn up according to strict rules, so that consumers know exactly what they're getting into. So over the past couple of years, claims management companies have sprung up offering to check people's credit agreements for mistakes and get the lender or a court to agree either that the customer can't be chased for the debt because the agreement is invalid and unenforceable, or that they should be paid compensation. Now this happens in some cases, but it's quite difficult to make a successful claim - although that's not what a lot of claims management companies say.

LEWIS: And Cartel Client Review is one of these claims management companies.

ALEXANDER: Yes, Cartel emerged as one of the biggest operations in this market. Here's what they do in their own words. This is an advert that ran in 2008, and which will have encouraged many people to sign up.

ADVERT: If you took your credit card out before April 2007, your outstanding balance could be completely written off. Cartel Client Review can check all of your credit cards to see if you can claim to have your credit card balance completely cleared.

LEWIS: Well you can see why people were tempted, but could they really do that?

ALEXANDER: Well the Advertising Standards Authority didn't think so. It banned an almost identical advert from Cartel in 2009. All the same, the service Cartel was offering sounded good to a lot of people and it's thought it's handled at least 70,000 claims with customers each paying a minimum of almost £500 in upfront fees. But we revealed last month that Cartel was being investigated by the Ministry of Justice. Customers who had paid often thousands of pounds in fees up to two years ago had been complaining that they had had no result, despite being told at the outset that their

claims would be resolved within 6 to 12 months. Nor could the vast majority get a refund even though that was what was promised when they signed up. Now since we reported that, hundreds of people have emailed Money Box saying they've been having the same problems. One man told us he'd paid more than £10,000 to Cartel over two years ago. He'd heard almost nothing about most of his claims and had had no refund.

LEWIS: £10,000! Good grief!

ALEXANDER: I know.

LEWIS: This week though, the solicitors' regulator threw a bit of a spanner in the works.

ALEXANDER: Well Cartel Client Review passed all its claims to one law firm, Consumer Credit Litigation Solicitors or CCLS. Now we reported last month that they were also being investigated by the Solicitors Regulation Authority and this week it shut down the firm. It said its reasons were "suspected dishonesty, breaches of the solicitors' code of conduct, and the need to protect the interests of clients." A spokesman from the SRA also told Money Box it was worried that the relationship between Cartel and CCLS was "too close" and "might be against the best interests of the customers." Now we know that the two firms operated out of the same office building in Manchester. At one stage, they were even on the same floor. The Managing Director of Cartel, a man called Carl Wright, he's thought to have had a lot of influence over the law firm.

LEWIS: And what picture have you built up, Ruth, about how claims were dealt with?

ALEXANDER: Well last month when we first reported an investigation was taking place, we spoke to a paralegal who used to work at CCLS. Colin Power, who now works for a competitor, assessed mortgage claims and told us most had "no prospect of success." We can now reveal more about what Colin Power witnessed inside the

firm. If the legal team assessed a file and found there was no basis for a claim, the customer wouldn't automatically get a refund as promised in Cartel's terms and conditions. Their file would be passed on to a special review and investigations team for yet more analysis.

POWER: We were advised that we were never allowed to tell the clients that they didn't have a claim. On occasions, because I considered that to be wrong, I actually did tell the odd client that they didn't have a claim. My understanding is that the files were put into boxes, passed up to Cartel, and then they would actually come back downstairs. We weren't told whether or not an actual further review had actually taken place. We weren't told anything. And then these files were just left in an office, just left there gathering dust.

ALEXANDER: And although Cartel denies this, we've spoken to former employees at all levels who confirm this picture and say thousands of files were never looked at properly because there just weren't enough staff. And you can see a photo of some of the boxes of files in the CCLS offices on the Money Box website. The SRA has told us that in terms of case volume, this is the biggest law firm they've ever shut down.

LEWIS: So Ruth, we know many hundreds of customers are unhappy with the service they've had from Cartel. They want their money back. But what chance do they have, especially now its law firm has been shut down?

ALEXANDER: Well perhaps the best option is a rather ironic one. People may be able to get compensation from their credit card company.

LEWIS: Now hang on, this is the credit card company they were trying to prove they had an invalid agreement with and get out of their debt?

ALEXANDER: Yeah. Many people paid Cartel on their credit card - often the very credit card, as you say, they were trying to get cleared of debt. And the Ministry of Justice now says those customers could seek compensation if they've not received the service they paid for in a reasonable amount of time.

LEWIS: But Ruth, hang on, we've had emails from listeners, many of them, who didn't really have much sympathy for these people, these customers in the first place. They've run up a debt. They've taken out a loan - got a car on finance, whatever. People are saying to us they should pay what they owe, not try to get out of it; still less try to get their money back from the credit card company.

ALEXANDER: Yes, I mean people have been trying to get out of their debts through a loophole in the law here, and quite a few have told us they regret it now. Here's one of the many customers we've been in touch with.

FEMALE CUSTOMER: We know in our heart of hearts that you know credit cards, you don't mount them up, you pay them off, but this was marketed very cleverly and very strongly. Well we just thought that if there was a loophole, it might help. But you sort of feel embarrassed and you feel greedy and stupid that you've done it.

ALEXANDER: But there's also a strong sense from many people, not least people who've worked at Cartel and CCLS who we've spoken to, that customers have been taken advantage of; they've paid out large amounts of money and got very little for it. While other people are doing quite well out of the situation. The Managing Director, Carl Wright, paid himself almost £800,000 from Cartel Group Holdings in 2008, and Cartel Client Review has been set up so that if it were to go into liquidation, Carl Wright would be first in line for any payouts. He would have to be paid what he was owed before any customers were paid what they were owed.

LEWIS: And what does Cartel say to this?

ALEXANDER: Well Cartel turned down our request for an interview with Carl Wright. It continues to deny that there is anything wrong with its processes. The company has said it's temporarily putting all new Cartel business on hold. This morning its customer phone number didn't work. The Ministry of Justice continues to investigate, and so do we.

LEWIS: Thanks, Ruth. And if you're a Cartel customer and you want information on

where to go for help, there's all the links on our website: bbc.co.uk/moneybox.

Halifax has been upsetting some of our listeners. Several have emailed to complain that the bank has stopped showing the interest rate it's paying to online savers. Previously when they logged onto their account, the savings rate being paid was shown automatically. But not anymore. Gillian Lacey-Solymar has been looking into it.

LACEY-SOLYMAR: This issue seems to have irritated quite a lot of people and, frankly, I'm not that surprised. Until about a month ago, when you logged into your Halifax online account, at the top of the page you could see there was the balance and there was also the interest rate; and then from one day to the next, it simply disappeared. Nick Harris, one of the listeners who drew our attention to this, summed up beautifully the annoyance that he felt.

HARRIS: As a bank, they should be making it as easy as possible for their customers to be aware of the rate that they're paying. You wouldn't go into a shop and pick up something off the shelf and only find out the rate when you got to the till, and my feeling is this is a definite backward step. Less information to their customers, it does mean it's much easier for them to reduce rates without the customer being aware that that is happening and maybe not finding out for some months.

LEWIS: Well that's Nick worrying this is a kind of way of lowering rates without anyone noticing. Is that a legitimate concern?

LACEY-SOLYMAR: Well certainly the explanation that Halifax gave to Mr Harris when he wrote to them complaining doesn't seem entirely logical. Let me read you a bit of it. They say: 'These enhancements will improve the customer experience and screen designs whilst boosting our online security.' I went back to them and I said, "Okay, convince me how it'll do this", and they came back and they said, "Actually ..." They apologised and they said, "It's simply being used incorrectly, this particular explanation", and they gave me another explanation. That said: 'We're currently looking at how we improve the design of the website based on feedback from our

customers. As part of this process, it's sometimes necessary to make a change, which means that over the longer term we can focus on improving the overall proposition for customers.' So, Paul, you tell me whether that gets us any further along the road.

LEWIS: Hmn. And if this interest rate isn't on the page you're looking at, how easy is it to find somewhere else?

LACEY-SOLYMAR: You do have to click through various things, and it is on a page where all the other interest rates are displayed for all the other Halifax accounts. And the same thing holds for different banks with different accounts. The whole debate is about how easy those click-throughs really are. I spoke to Eric Leenders, the Director of Retail at the British Bankers' Association, and, unsurprisingly, he thinks it's not difficult at all.

LEENDERS: I think the banks would say that they do a lot of work to make sure that their websites are very accessible to customers. They do a lot of consumer research. I think they'd say that being only a click or two away, it's very easy to access interest rate information alongside of course the transaction information that you would get from a statement sheet.

LACEY-SOLYMAR: So that's one point of view. But I then spoke to a behavioural economist, Dr Pete Lunn of Trinity College in Dublin, and he completely disagrees.

LUNN: It can sometimes be very difficult for consumers to find and process the information that they want. The names of accounts can be quite tricky. There are very many accounts. You can be unsure whether you've actually got the right account to look up the interest rate. And also sometimes it can make you feel quite stupid if you can't find the information you're after. It's actually very off-putting for consumers to have to go through this process and to have to try and get it right. What the evidence shows is that they *are* put off. If you make it even slightly difficult to find the information, what happens is people find that off-putting and they're just much less likely to do it, and that makes consumers less active.

LEWIS: Now when you told me Halifax was stopping this, I was actually a bit surprised because I didn't know any banks did this. What do the other banks do?

LACEY-SOLYMAR: Halifax was almost alone in the field in doing this. Ironically, one of the very few left doing it is Birmingham Midshires who are, as you know, part of HBOS - the same group as Halifax - so it'll be quite interesting to know how long that actually lasts. But we did ring round all the major banks and not one of them does it. The only other one who does anything similar is Egg, although they don't do it completely straightforwardly.

LEWIS: Gillian Lacey-Solymar on improving the customer experience the Halifax way.

Millions of us buy things online or over the phone, and that involves giving a lot of personal and financial information. Most of us assume those details are treated confidentially by the retailer, but some listeners have contacted us to say they've spotted "mystery debits" on their bank or card statements from companies they've never knowingly shopped with. Veronica Hayton bought some storage bags from Spacebag.co.uk. A month later, she got a call asking if she was happy with the bags. Which she was. And then ...

HAYTON: They invited me to receive a brochure for a discount holiday company. I agreed. It was sent to me. And I noticed at the top of the letter that it referred to a 30 day free trial period, and the next I knew a firm called Break4Free had taken £99 out of my current account without my authority. It was only checking back on the correspondence, it did refer to this £99, but I wasn't aware that debit card details had been passed on by the original supplier.

LEWIS: Another listener, David Strange, bought a train ticket through trainline.com. As soon as his purchase was finished, he was invited to click a link if he wanted to claim £15 off the cost of his next ticket. That directed him to a website called Shopper Discounts and Rewards. He filled in his card details again, so he could get his discount, but a month later £10 was taken out of his account.

STRANGE: In hindsight, having seen the website for the second time and read through it, I am aware that it states there is a £10 per month charge thereafter. The trainline obviously is a big company and a lot of people are probably tempted to click that button. A lot of them might well miss or not check their credit card account each month and see that they've been charged £10.

LEWIS: So what are our rights when we give details online or on the phone? David Smith is Deputy Information Commissioner.

SMITH: There's no ban on passing information on, but the Data Protection Act comes into play here. And what that means is essentially you have to treat customers fairly when you're using their personal information, so there should be no surprises. And if someone finds their credit card details, their bank account details are being used and they didn't expect it, there's a problem.

LEWIS: Yes. I mean clearly in both those cases, when the people went back and looked, they said, "Oh well, maybe I did tick that box", but at the time it wasn't at all clear to them that not only were details being passed on but money was going to be collected from them.

SMITH: That's right. And the extent to which these statements, the notices that customers get have to be upfront and obvious depends on what's going on. But you'd expect if it's financial information and there's a charge involved, it would be up there almost in flashing lights on a website; or if it's on a phone call, explained to you very clearly. So on the face of it, the code of practice is not being complied with here.

LEWIS: And did you issue the code of practice because you'd had complaints about this sort of thing?

SMITH: Both because we'd had complaints but also because there is some misunderstanding in businesses about what they do. I think some of them regard data protection as just a sort of legal exercise, so so long as it's down there in the small print somewhere, that's good enough. But it isn't. It's not about complying with the

law as such; it's about making sure your customers know what's happening to their information. And that's the test at the end of the day.

LEWIS: These customers clearly didn't know what was going to happen with the information and clearly didn't understand they were going to be charged. If somebody finds themselves in that position, can they get their money back always?

SMITH: It's hard for us to comment on rights to get your money back because essentially our area of responsibility's about the use of information.

LEWIS: But given that many people don't complain and many people don't even check their credit card or bank statements that carefully, if the charge is just a few pounds a month many people may not ever notice and you could build a business on taking money off people and hoping they didn't turn round and ask for it back.

SMITH: That's not acceptable. Where these practices are drawn to our attention, we will step in, and if businesses won't willingly change their practices, we will use our powers to make them change.

LEWIS: And can you say anything about the companies that we've mentioned?

SMITH: Well all I can really say at the moment is we are investigating that area. We do have some cases involving Spacebag UK and Shoppers, Discounts and Rewards, which sort of sit behind them and are involved in these holiday promotions and so forth. I can't comment in detail. All I can say is you know we're on the case, and if we're satisfied that their practices aren't proper and they won't change voluntarily, well we will use our enforcement powers to require them to do so.

LEWIS: I suppose from the other side though, I should say people ought to be careful, shouldn't they, about clicking on buttons and giving information and agreeing to things beyond the immediate purchase they're making because there is always a danger that that information might be misused or indeed properly used but cost them

money?

SMITH: That's true. The responsibility isn't all one way here. Clearly businesses must be open and honest. But equally you know consumers, individuals shouldn't go to websites with their eyes shut or the blinkers there.

LEWIS: Deputy Information Commissioner David Smith. Shoppers, Discounts and Rewards told Money Box "it's very important that all customers understand the programme benefits before they decide to join, so we ensure our offers pages are clear and straightforward." The company also says it will offer a refund to anyone who requests one. Break4Free admits it does get bank details passed on after 35 days, but it, too, says it will refund people who complain. Well you can let us know your experiences of mystery debits through Have Your Say on our website: bbc.co.uk/moneybox.

More than half a million UK pensioners who live overseas could get a bigger state pension in future if the European Court of Human Rights finds in their favour on Tuesday. They mainly live in Canada, Australia, New Zealand and South Africa, but the UK state pension they get is frozen at the rate it's first paid. Annual inflation increases are not added, leaving some people with half the pension they would get if they lived in the UK. In Europe and more than a dozen other countries, the pension *is* uprated. Successive UK governments have been unwilling to change the law, and so far the courts have supported them in that view. Well live now to talk to John Markham. He's Director UK Parliamentary Affairs with the International Consortium of British pensioners. John Markham, you've lost really at every stage when the courts or Parliament have got involved in this. Why do you think you might be successful on Tuesday?

MARKHAM: I believe that this could now well be in our benefit because we are now talking with the full court on the question of human rights rather than financial.

LEWIS: And what do you hope they might rule?

MARKHAM: We hope that they will rule that the UK government must develop the remedies to bring all pensions worldwide up to a common level.

LEWIS: And what difference will that make to some of the pensioners you know living abroad?

MARKHAM: It could be considerable. For example, we have a 96 year old woman living in Canada who worked in the UK for 46 years as a nurse, and when she retired to Canada to join her family, her pension was frozen at £39.78 a week, and of course the current pension is £97.65 a week.

LEWIS: Yes, well that's clearly a big reduction for her. But of course how much would it cost if the government did this because it would have to pay a lot of people a lot more money?

MARKHAM: The government claims that for this year it would cost £540 million, which is less than 1% of the pension budget.

LEWIS: Yes. We are though in difficult economic times in this country and the government told us when we asked them about this earlier in the week, the priority is "to help the least well off pensioners living in the UK to give them a decent standard of living in retirement." That's reasonable, isn't it?

MARKHAM: It's reasonable, but then all people should be treated equally. These pensioners with frozen pensions all paid into the national insurance fund their mandatory contributions, exactly the same as people living in this country.

LEWIS: And of course there are anomalies, aren't there - you don't get it in Canada, but you do in America next door?

MARKHAM: That is right. I mean I live in Canada. If I moved a hundred miles south, I would get my pension indexed.

LEWIS: Well some people might ask why you don't. This is the European Court of Human Rights though, John, isn't it? Is it possible that even if you win, the government could just ignore it?

MARKHAM: No, the government will have 6 months to table their proposed remedies to the Committee of Ministers in Brussels. Historically, the UK government has always observed the rulings of the European Court of Human Rights, although at times they may have prevaricated and dragged their feet.

LEWIS: John Markham of the International Consortium of British Pensioners, thanks. And that decision will be out on Tuesday morning.

More than two and a half million people sold insurance on their loan repayments could share three and a half billion pounds compensation under plans revealed by the financial watchdog this week. The sums are both estimates and the paper is still a consultation. Another 6 weeks will pass before any firm is made to take action over its sales of Payment Protection Insurance or PPI. But the new figures from the Financial Services Authority reveal that this is one of the biggest financial mis-selling scandals for years. Dan Waters is the FSA Director of Conduct Risk. I asked him what people who think they may be due compensation should do now?

WATERS: My advice would be to wait and see where this lands because in the process that we've put in place, people who are complaining now will be dealt with and then the firms may well be proactively approaching people. If I was a consumer sitting out there who had been involved in a product that had PPI attached to it, I would go back and look at my position. I would consider where I was and what I was told. It may well be that I had claimed on my policy, in which case you'd probably say well I was pretty happy with it because it actually worked in the end, but I think it would be prudent to have a look at that.

LEWIS: Dan Waters of the FSA. And the average compensation is estimated at £990 for a regular premium policy and £1,925 for a single premium policy paid upfront. So well worth having. Nothing to stop you complaining now if you want to.

Well that's just about it for today. You can find out more from the BBC Action Line - 0800 044 044 - and of course our website, bbc.co.uk/moneybox, where you can do all sorts of exciting things: watch videos, sign up to the newsletter, download podcasts, listen again, and of course have your say on those mystery debits. Some of you already are. Elizabeth tells us that she had one of these and she complained and was immediately reimbursed. She said everyone should make sure that they do complain to get their money back. David from Hexham says he hates it when banks send details of revised interest rates but don't explain what the account is. Vincent Duggleby's here on Wednesday with Money Box Live, this week taking questions on pensions. I'm back with Money Box next weekend. Today the reporters Ruth Alexander and Gillian Lacey-Solymar, the producer Lesley McAlpine, and I'm Paul Lewis.