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## **MONEY BOX**

**Presenter: PAUL LEWIS**

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**LEWIS:** Hello. In today's programme, Money Box has learned that more than 50 wine investment firms have collapsed in 4 years, losing investors over £100 million. Royal Mail warns it will prosecute people who reuse stamps that have not been franked. What's the safe way to buy first and second class before prices rise? We hear from a disabled woman who'll lose her entire £99 a week income from the end of April. How will she manage?

**VANESSA:** Here I am - distressed, in tears, suicidal - because the Government are penalising people who've contributed all their lives.

**LEWIS:** And the long, long, long, long, long time on trying to get through to Her Majesty's Revenue and Customs telephone helpline.

But first, people putting money into fine wine may have lost more than £100 million as more than 50 wine investment firms have collapsed in the last 4 years. It's estimated more than 50 such firms, which were selling vintages like Bordeaux, have become insolvent. One listener Money Box has spoken to believes she's lost the best part of £180,000. Bob Howard's been investigating.

**HOWARD:** Paul, Sarah lives in the East Midlands and is in her fifties. Her husband died 10 years ago and, with another inheritance, she had money to invest. A couple of years after his death, she started receiving calls from a firm called Bordeaux UK Limited offering to help her buy wine as an investment. Sarah didn't know anything much about wine, but the trader was very

persuasive. Sarah didn't want her real voice or name used, so her words are spoken by one of the Money Box team.

**SARAH:** I wasn't too sure to start with. I suppose it was something a bit different. I had a couple of phone calls again and was persuaded to put in around £2,000 to £3,000. They said it was a long-term investment, something like 5 years.

**HOWARD:** Sarah paid for the investment with money from her savings account and received a certificate saying the bottle of wine had been bought and was being stored in a bonded warehouse. Over the next couple of years, she invested a little more, sold some wine and then reinvested the profits in more wine as Bordeaux UK Limited advised her to. Then, as the stock market crashed and returns on savings plummeted, she decided to put money from her maturing bonds and her earnings into vintage Bordeaux as well.

**SARAH:** They said China was coming online and they became more persistent. They said it was a "fantastic wine", "you'll be sorry if you don't buy it", and to get them off the phone, you ended up agreeing to buy something when perhaps you didn't really want to. It grew exponentially.

**HOWARD:** In fact by last year, when she added it all up, she realised she'd put in £180,000. Then in November last year, she received a short letter from Bordeaux UK Limited.

**LETTER FROM BORDEAUX UK LIMITED:** The company has some admin problems and it was decided that the best way to resolve them was to put the company into liquidation. The company has substantial cash and wine holdings and the liquidator will deal with all enquiries.

**HOWARD:** Sarah couldn't believe she was now at risk of losing so much money.

**SARAH:** I thought it was safe. I knew I might not get back what I put in, but I wasn't expecting it to go bust. I feel ashamed that I put in more money than I should have done. It became far too serious.

**HOWARD:** Sarah's not alone in being worried. Money Box has spoken to the daughter of another customer who invested £80,000. Another investor is believed to have lost over half a million pounds. And because wine investment is unregulated, no compensation body will pay out. Jim Budd is a fine wine expert who also reports on the possible pitfalls of investing in this area. He was present at the creditors' meeting for Bordeaux UK Limited and met the firm's director there.

**BUDD:** It was run by Ian Vanderhook. He became the Director in 2002 when he was 23. It was clear at the meeting even 10 years later, he knew very little about the wine trade, so it was depending on high pressure sales, cold calls. It was also very clear from the creditors' meeting that the financial records were in a complete mess because they were unable to establish exactly what the deficiency was.

**HOWARD:** Jim Budd's concerns about Bordeaux UK Limited go back to its setting up in 2002. He put it on his list of firms he personally would not buy from. That list currently has around 60 other firms on it. Money Box tried to contact Mr Vanderhook but received no response.

**LEWIS:** Thanks Bob. I spoke to Nedim Ailyan whose firm, Abbott Fielding, is handling the liquidation of Bordeaux UK Limited. I asked him how much people were owed.

**AILYAN:** Originally on the statement of affairs the directors thought they owed somewhere in the region of 7 million, came in at 6.8 million. But we've actually received creditors' claims totalling about £10.5 million.

**LEWIS:** And what about assets?

**AILYAN:** The assets of the company are estimated at between 2 to 2.5 million pounds. The assets are divided into two. We have the actual bottled wine, which is held in bonded warehouses like Octavian and Farr Vintners, and that's estimated at between £300,000 to £400,000. In addition we have the en primeur, currently valued at between £1.8 to 2.5 million. This is the wine that's actually paid for. We've satisfied ourselves that's been paid for..

**LEWIS:** A couple of million pounds of assets and at least 10.5 million of creditors.

**AILYAN:** Of creditors, yes.

**LEWIS:** We're talking 20 pence in the pound at best for these people.

**AILYAN:** At best. 15 to 20 pence and we're talking an unexplained hole at the present moment of about £8.5 million. There is certainly strong elements of mismanagement, and mismanagement on a colossal scale like I haven't seen in a very long time.

**LEWIS:** So you say you've dealt with other liquidations of wine investment companies. How many have there been?

**AILYAN:** Well I'm dealing with about eight, but I would estimate certainly over the last four years there's been probably at least 50 that have been dealt with by other insolvency firms.

**LEWIS:** So that's an awful lot of firms that put themselves forwards as investment companies, but for one reason or another have just lost investors vast amounts of money?

**AILYAN:** Absolutely. Certainly tens of millions, potentially even over 100 million.

**LEWIS:** Nedim Ailyan from Abbott Fielding. Well given the risks of wine investing, the Wine and Spirits Trade Association has set up a website to give advice. It says take care when a firm cold calls you. But some of its members do cold call to find more customers. Why? A question I put to the association's Gavin Partington.

**PARTINGTON:** It has been known in the past and the issue of cold calling has been hotly debated, and one of the things we always advise consumers (and we do so on our [investinginfinewines.co.uk](http://investinginfinewines.co.uk) guide) is that they shouldn't be responding to hard selling tactics.

**LEWIS:** Sure, but your website says honest as well as fraudulent businesses can use cold calling. Wouldn't it be easier just to stop your respectable members doing cold calling and then we could all say if it's a cold call, it's a con?

**PARTINGTON:** Well ultimately these practices are the responsibility of businesses themselves. Were we in the business of telling our members precisely what to do on a whole range of matters, I think that we'd have issues.

**LEWIS:** It just makes me think that the only sensible advice for someone like me to give generally is don't touch wine investing with a bargepole.

**PARTINGTON:** Well I'm sorry you say that, Paul, but one of the things that we've always been clear about in the trade is that wine is not something that necessarily most people should invest in simply as an investment. Wine is principally something to be enjoyed. It has turned out to be the case that many, many wines are of course a very good investment and have been deemed so by many investors, particularly in China. There are many, many legitimate, responsible businesses operating in this sector, and it's sad to see their reputation tarnished by the behaviour of the sort of companies that you're talking about.

**LEWIS:** Gavin Partington from the Wine and Spirits Trade Association. And if you are thinking of wine investment, remember, as Bob said, there's no compensation for losses, and the fine wine index fell more than 18% in the last 12 months.

Royal Mail has said it will prosecute anyone selling un-franked stamps for reuse after Money Box alerted them to adverts offering them on eBay. Our reporter Ben Carter's been looking into this. And, Ben, just explain to us first what un-franked stamps are.

**CARTER:** Paul, these are stamps that have passed through the postal system without receiving an ink cancellation or a frank to show that the letter or parcel has been processed, so the stamp arrives at the recipient as new.

**LEWIS:** And can you reuse them?

**CARTER:** Well judging by the number of un-franked stamps being auctioned online and comments on message boards, it seems to be a very popular market. It's not an offence to buy them if you simply want to keep them in a collection. However, if you are buying them to use for postage, then you will be guilty of committing an offence under the 2006 Fraud Act. It's likely that the person selling the stamps could also be convicted under that act, but only if it could be shown that they knew that it was likely that the stamps would be used for fraudulent purposes.

**LEWIS:** Yes, I saw one advert on eBay offering 800 un-franked stamps - the highest bid £200, well under face value - and the seller felt obliged to write a disclaimer saying 'Royal Mail insists I state it is illegal to use stamps that the service paid for has already been provided'. What's Royal Mail said to you?

**CARTER:** Well they told me that they will take all necessary steps to protect their revenues. They monitor the sale of postage stamps on eBay to ensure that, when appropriate, vendors inform potential buyers that stamps are invalid for postage because the service paid for has already been provided. They say they have the power to prosecute if someone sells stamps for reuse. They've done so in the past and they will do so in future.

**LEWIS:** And a last word on franking. Some people wonder whether stamps are franked using an invisible marker sometimes.

**CARTER:** Ah, that's not true. The Royal Mail insists that all franking is visible.

**LEWIS:** And Ben, moving onto stamps that are new and where to buy them, reports yesterday that Royal Mail was rationing them. Money Box of course advised people some weeks ago to buy prices before the price rise. The buying spree has spread. Has Royal Mail rationed them?

**CARTER:** They insist there is no shortage and there is adequate stock in place to meet demand. They also say that it's important that the proceeds of

the price rise go to the Royal Mail, but they're happy for retailers to receive the normal commercial return they get on stamps but nothing more.

**LEWIS:** Yes, so in fact they've let them have their normal allocation, but it doesn't want them hoarding them and then selling them for a profit on April 30<sup>th</sup>. Superdrug though says it's run out.

**CARTER:** Well that's right, Superdrug was selling stamps at a 5% discount and they've been doing that since 2006 and, understandably, demand has been high. It told Money Box that some stores had run out of stamps and that the Royal Mail wouldn't let it have any more stamps until after the price rise came into effect. Viking Office Suppliers, part of the Office Depot Group, told us the message they'd been given from Royal Mail was that they couldn't have any more stamps.

**LEWIS:** And Ben, where can you still buy first and second class stamps properly at today's prices?

**CARTER:** All the major supermarkets have told us that availability is still good, although Morrison's says demand has quadrupled. Main post offices will sell stamps, though large orders may have to be made in advance. But if you want books of a hundred stamps, there should be no problem with that; and if you don't fancy the queues, you can even order them online from the Royal Mail which promises delivery in a day or two - usually post free.

**LEWIS:** Thanks for that, Ben. And if you do buy brand new stamps, there's nothing to stop you selling them on if you want to.

Now if you're too ill to work, there's a major change in your benefit entitlement in a couple of weeks. From 30<sup>th</sup> of this month, the new employment and support allowance will only last for one year; and if you've already been on it for a year or more, it will stop on that day. The change was introduced by the Welfare Reform Act and it's intended to save money. Around 100,000 people are expected to lose their benefit on April 30<sup>th</sup>, people of course who've paid national insurance contributions during their working life - including Money Box listener, Vanessa, a teacher from Cirencester. She's depended on her

£99.15 a week employment and support allowance for some time while recovering from a nervous and physical breakdown.

**VANESSA:** Without the ESA and on my husband's wage, and I get a little bit of disability living allowance which is going to stop as well because they're cutting that back, we're going to be £8 in the red every month without paying for food, and I don't know how, I just do not know how we are going to cope. I've worked in teaching all my life and my other jobs I've done have been helping the community. On top of that, I've always done voluntary work since I was a teenager. So I've contributed more than enough to society and here I am - distressed, in tears, suicidal - because the Government are penalising people who've contributed all their lives. And it's not fair. It's completely unjust and it's not fair.

**LEWIS:** Well that's one listener who spoke to me recently. Katie Lane is Head of Welfare Policy at Citizens Advice. She explained the reasons behind the Government changes.

**LANE:** For this particular group, they argue that if the household has no other source of income, then they will still be entitled to this money. They also argue that many of this group could be expected to return to work after a year and, therefore, it seems reasonable to limit it to a year. Obviously if somebody's still assessed as being unfit for work after that time, then we would argue that that is the basis on which they should get the money, not an arbitrary reduction after a year.

**LEWIS:** You say that if they've got no other income in the household, they can carry on getting it. That's a means tested benefit presumably?

**LANE:** That's right.

**LEWIS:** But in Vanessa's case, she has a partner. He has a very low paid job, but that seems sufficient to stop her getting this £5,000 odd pounds a year.

**LANE:** That's right. It's quite a low means test and it's pretty harsh, people really struggle.

**LEWIS:** And in Vanessa's case, she says that they might be better off if her partner simply stopped working. Here's what she said.

**VANESSA:** It might be the case that my husband has to give up work and that can't be right. People like us are meant to be being helped and supported.

**LEWIS:** Citizens Advice advises people every day. If somebody like Vanessa came to you and said, "Well, look, as a household we're going to lose £5,000 odd a year, what do you advise us to do, how can we cope?", what would you say to her?

**LANE:** Well they would help her look at her whole financial situation and we'd be able to assess whether she would be entitled as a household to working tax credit. They'd be able to help her claim that and look at whether she'd also get help with rent through housing benefit. They would also be able to help obviously if there's any debts there as well. But it doesn't take away from the fact that that is a lot of money, that it will be hard to cope with. As I say, they would be able to help her to ensure that she will be getting all the things that she's entitled to.

**LEWIS:** I'm sure a lot of people listening though have heard what the Government said recently, which is that the people who were on the old benefit, incapacity benefit, who've been moved onto this new employment and support allowance - that among those people about a third were actually fit to go back at once, another third could work with some support, and just under a third were deemed to be not able to work at all. So you can see why the Government is trying to get people who can work off these long-term incapacity benefits.

**LANE:** The changes to the rules means that the medical assessment is much more stringent. We do need to be careful that those people who were found fit for work do still have limited ability to work and, therefore, would only be able to earn a low income and need to be able to find the jobs that are suitable for them with their health condition.

**LEWIS:** Katie Lane of Citizens Advice. With me is Mark Littlewood. He's Director General of the Institute of Economic Affairs, a free market think tank. Mark Littlewood, you heard Vanessa's story there. How fair do you think this particular welfare change is?

**LITTLEWOOD:** Overall pretty fair. I mean one can't help but have sympathy with the plight that Vanessa described - clearly she's in a low income household and clearly things are going to be difficult for her - but I think some of the global numbers that you were pulling out at the end of your discussion with the Citizens Bureau show us the sort of problems that we've got ourselves into. The size of the welfare state say over the last 15 or so years has doubled in size in terms of the money we're handing out. At the peak, the old incapacity benefit had 2.5 million people claiming it. You're getting on for 10% of the workforce apparently not being fit for work. So irrespective of the present budgetary conditions, the difficulty in the public finances, we've got to find a way of actually unraveling the huge size of the welfare state.

**LEWIS:** I think a lot of people would have sympathy with what you're saying, but this particular case is typical. I think there are 100,000 people in her position. Her husband does work, but he's low paid. They're wondering now if they'd be better off if he didn't work. That can't be the result intended?

**LITTLEWOOD:** That's certainly not the result intended. And I couldn't provide legal advice here but that isn't intended to actually be an available option. Choosing not to work in order to claim welfare benefit is not intended to be one of the options. So it's important to align those incentives correctly, but also to be clear what the obligations are on people to earn if they can.

**LEWIS:** And also people who accept your point, as many of us do, that we have to cut welfare spending - this is going to affect 100,000 on 30<sup>th</sup> April, that's half a billion pounds saved. Are people like Vanessa the ones we should be taking £5,000 a year off?

**LITTLEWOOD:** Well it's difficult to say whether ... I mean on a very short interview, it's difficult for me to make a judgment and I'm not a medical expert on whether she is in any way fit to return to work. But let's I think try and get

back to some of the founding principles of the welfare state. When Beveridge brought it in, the idea was it provided short-term support and only at roughly subsistence levels. Now obviously in today's world we can afford a bit more than we could in the 1940s, but what we've got to put in place is a system where Vanessa, who I understand from your piece suffered a nervous breakdown and some physical problems, is given some time to overcome those - a year seems to me on the face of it potentially reasonable - and she's encouraged back into work as soon as possible.

**LEWIS:** I'm sure she'd like that as much as you would. But the point you made about the original idea of these benefits - of course incapacity benefit did last as long as you were incapacitated and, as she said, she has paid national insurance (and the clue is in the word, isn't it?) to protect her and it's not.

**LITTLEWOOD:** No it doesn't, I'm afraid. National insurance is actually something of a fraud. It is not like paying it into a private personalised insurance company that you could then claim back from if the worst happens. It's a collective benefit that is in effect a tax, and it has not been levied at a high enough rate for the benefits that the Government has been handing out.

**LEWIS:** Mark Littlewood from the Institute of Economic Affairs, thanks. And we did ask for a minister to talk to us, but that request was refused.

**HMRC TELEPHONE MESSAGE:** Welcome to HM Revenue & Customs' self-assessment helpline. By the way, we've now got a whole section that provides answers to some of the most commonly asked questions, including (fades) ...

**LEWIS:** Well scores of listeners have contacted Money Box complaining about being kept on hold for hours when trying to contact HMRC. Mark Wilson, a listener from Sheffield, tried several times in February to call HMRC. On one occasion he hung on for 20 minutes before giving up. He wrote to Her Majesty's Revenue & Customs to complain. A month later, he got a letter back saying it was better to try calling in the morning or early evening. So he did, but still no luck.

**WILSON:** When I tried in an evening, on one occasion I was hanging on for three quarters of an hour without getting a response and on the second occasion for an hour, by which time it got to 8 o'clock and obviously you know that was when their helpdesk closed anyway. So I've given up completely trying to do it by phone.

**HMRC TELEPHONE MESSAGE:** One moment. We're very busy right now. All our advisers are on other calls.

**LEWIS:** Another listener, Richard from Carmarthen, tried to call this week and he was similarly frustrated.

**RICHARD:** I've phoned them three times in total and I've held on for about 90 minutes over those calls. It was a query that would probably have taken no more than 30 seconds to answer and I've yet to speak to anybody about it. You know you're holding on for say 15 minutes and you think well it can't be much longer now, so I'll just give it another 5 or 10 minutes. And then you think well no, it can't be much longer again, and there's just no indication of how long it is going to be. You know if they could have some sort of way of telling you you're going to be waiting at least 20 minutes for this or something, then you know what to expect.

**HRMC TELEPHONE MESSAGE:** We're sorry, we can't deal with your call at the moment. Thanks for calling. Goodbye.

**LEWIS:** I have to say those are not unusual experiences. I tried it myself yesterday. The Low Incomes Tax Reform Group did a bit of mystery shopping as Technical Director Robin Williamson told me earlier.

**WILLIAMSON:** My colleague did a mystery shop of three calls to HMRC on one day, and another three early the following day and another three later in the evening. Judging by the response that we've seen both on the various public forums and to our own website, it's certainly not an uncommon experience to be kept waiting that sort of length of time.

**LEWIS:** And of course many people who are kept waiting are paying for an 0845 call. I know some have them bundled in, but from a mobile, for example, you're paying a lot for an 0845 call.

**WILLIAMSON:** You're paying anything between 25p a minute and 40p a minute, particularly from a pay as you go mobile. Of course it depends on the provider and on the type of contract you've got, but that is certainly expensive and it is not a very good reflection of HMRC's charter commitment to keep taxpayers' costs in dealing with them to a minimum.

**LEWIS:** Of course it is a busy weekend, isn't it? We've had Easter. We also had the end and the start of the new tax year, which inevitably causes more people to make calls, so it's not surprising that the Revenue is experiencing high call volumes.

**WILLIAMSON:** No it isn't surprising and it should factor in that at certain times of year - Easter and the beginning of one tax year being one of those occasions - that they should put more staff on their helpline to cope with the expected demand.

**LEWIS:** And finally, it's obviously been very inconvenient and very annoying and stressful and to a certain extent expensive for the people who've been hanging on, but what if you can't get through and it's urgent to either make a payment or sort something out before penalties kick in? What happens then?

**WILLIAMSON:** This is a big problem. HMRC imposes obligations on people to do certain things within a certain time and then penalises them if they don't, and many of those things can really only be done by calling a helpline, particularly with the closing down of inquiry centres. What HMRC should do is accept automatically if anybody has not been able to get through in order to do things by a particular time and waive penalties.

**LEWIS:** That was Robin Williamson of Low Incomes Tax Reform Group. Well we asked for a Revenue executive to come on Money Box, but that request was refused. There's a lot of empty chairs in the studio today. Instead we were sent a long statement. I can only summarise it: HMRC handles 60 million

calls a year. It can be hard to get through at busy times. It says it's made good progress improving contact centre service levels and it does deploy extra people to deal with short-term increases in demand, and it said it wasn't technically possible to let people know how long they'd have to wait. That's just about it. We've had a lot of emails, people complaining about cold calls for wine investments and some people who've made them slightly worried. Do your research is my advice. Google is very helpful. But that's it. More on our website: [bbc.co.uk/moneybox](http://bbc.co.uk/moneybox). And Vincent Duggleby's back on Wednesday with Money Box Live taking your calls this week on pensions. I'm back with Money Box next weekend. Today the reporters were Bob Howard and Ben Carter, the producer was Emma Rippon. I'm Paul Lewis.