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MONEY BOX

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LEWIS: Hello. In today's programme, you visit a cash machine, put in your PIN, no money comes out, but your account is debited. What are your rights? It's good news this week for nearly a quarter of a million women. Their pension age delay will be a bit shorter. The minister explains. An investment which gives you some of the gains of the stock market, but none of the losses. Too good to be true, or structured products? Fiona Woods is here today.

WOODS: Yes, Paul. I've been looking at a firm that offers to cut your council tax.

JEAN: It sounded at first like something from the council tax office. They could claim for me a refund and it could be in the region of £2,000.

LEWIS: More on that later. But first, what rights do you have if you try to get money from a cash machine, but all you get is the slip of paper stating you've had the money? Since 2009 new rules mean your bank has to refund you unless it can prove you did get the cash, but 2 years on is the new law being followed? Bob Howard reports.

HOWARD: Paul, Ann from Cheshire has an account with Allied Irish Bank, but she often withdraws money from other banks' machines in the town where she lives. Normally everything goes smoothly, but one evening she had a serious problem when

she tried to withdraw money from a machine owned by HSBC.

ANN: I'd gone to the cash machine to draw out some cash, put in my debit card and requested £500. And the first thing that happened was that a slip came out saying that £500 was being dispensed. No money came out and then a second slip came out, which just had the words 'error' on it, but no money came out at all and that was it.

HOWARD: When Ann checked her account, she was alarmed to see she'd been debited for £500 even though the HSBC dispenser hadn't issued any money. Ann assumed Allied Irish would speak to HSBC, sort the problem out, and she'd quickly be re-credited.

ANN: They told me that they would contact HSBC for me, which they did. I also saw the document that they sent in which they described me as a very reliable customer. I think they used the words 'absolute integrity'.

HOWARD: But Allied Irish's response wasn't what Ann was expecting. It said because HSBC hadn't found any evidence of a fault, it wasn't going to pay, as it explained in a letter.

LETTER FROM ALLIED IRISH BANK: The ATM machine was balanced for that period and all transactions were completed successfully. Therefore I regret to advise you, they're not in a position to make a refund for this transaction. I can only think that maybe the cash got stuck in the machine and a passer-by took it.

HOWARD: But Ann wasn't willing to let the matter drop. Her relationship was with Allied Irish and she wanted it to act.

ANN: Well I was shocked. I mean apart from the fact that it was £500, it was the principle of it. I had given my bank copies of the receipts. The lady that I regularly deal with there, she suggested that I should report the entire matter to the Financial Ombudsman, which I did.

HOWARD: But in a letter, the Financial Ombudsman told Ann it couldn't help her either.

LETTER FROM FINANCIAL OMBUDSMAN: It would appear that we cannot deal with your complaint because we can only consider complaints made by customers of the business which provide the service complaint about. You do not appear to fit into any of these categories as you are not an account holder with HSBC.

HOWARD: But still convinced she was being unfairly treated, Ann made one last attempt to get Allied Irish to settle.

ANN: On the basis that I have been an excellent customer of theirs for very, very many years, I asked them if they would be willing to make an ex-gratia payment to me to cover the loss, and, unfortunately, they wrote back and said no, they couldn't do that.

HOWARD: It was at this point Ann contacted Money Box, and as soon as we got involved suddenly things started to happen. First of all, the Financial Ombudsman Service said that Ann could in fact bring her case, but it would have to be brought against Ann's bank Allied Irish rather than HSBC which operated the cash dispenser. It's still unclear why this wasn't explained to Ann in the letter which said she'd been rejected. Allied Irish said it couldn't discuss Ann's case with Money Box. But Graham Mott from LINK, which connects the UK's cash machine network, is clear where he believes the responsibility for making a refund lies.

MOTT: The customer's relationship is entirely with their bank or building society, so it's their responsibility, you're their customer, to look after your interests. And so who the actual ATM is, that's not your problem. The onus is very much on the bank to prove that something is fraudulent. That's very clear in the Payment Services Directive, so it's up to the bank to prove the customer did get their money rather than the other way round.

HOWARD: And, Paul, the Financial Services Authority confirmed that in these sorts of disputes, it was up to Ann's bank to prove that she had received her cash, and it said the fact that HSBC said its payments tallied wasn't in fact sufficient proof of that. Finally, there was a happy ending for Ann. After 9 months of refusing to do so, this week Allied Irish refunded her the £500 and gave a credit of £200 into her account.

LEWIS: Ah Bob, the Money Box effect. But also Ann's persistence, I have to say. But how should banks treat us if a cash machine doesn't produce well the cash? Mike Dailly is a member of the Financial Services Consumer Panel, which advises the FSA.

DAILLY: Certainly money going missing in terms of ATM withdrawals is an issue and it's something that very much concerns the consumer panel. And our position is that the onus is upon the bank to show if the consumer's received that; and if they haven't received that, under the treating customers fairly principle, the bank should pay that money back without undue delay.

LEWIS: So the onus is on the bank to prove that you actually have had the money rather than on you to prove that you haven't?

DAILLY: That's correct. And of course this comes from the Payment Services Directive and the regulations that were made in 2009, which the FSA has implemented. And of course historically there's been a great problem, until this came in in 2009, because, as I'm sure you'll be aware, the banks under the old banking code always resisted in paying back monies and they had a great big argument about what the word 'immediate' meant. They thought immediate didn't actually mean immediate. They thought it meant something different.

LEWIS: We did report on the directive when it came in in 2009, and the FSA told us then it had been monitoring how the banks were implementing it. Is it doing that as far as you're aware?

DAILLY: The FSA has done a lot of work in this area. What needs to happen is the

very senior management of banks need to make sure that their front line staff are aware of the rules and the changes because certainly in our experience that's not been the case.

LEWIS: The response we've had in this case and several others that are not dissimilar to it from the banks, from the LINK network and even from the FSA itself has been well these customers should go to the Ombudsman. But surely the purpose of rules like this is to resolve cases without having to go to the Ombudsman?

DAILLY: We all agree that we need prevention. We don't need people having to find themselves having no money because of these failed transactions and then having to go through the whole process of complaining to the Ombudsman. Obviously the Ombudsman Service is great as a safety net, but we really don't want people having to complain in the first place.

LEWIS: And do you think that the time has come, nearly 2 years since this directive came into force - and some evidence certainly that we've got that it's not being properly implemented, that the consumer panel should really be looking into this and getting the FSA to do more?

DAILLY: There's been progress, Paul, there certainly has, but I would accept there is a lot more progress that needs to take place, and that's very much something that the Financial Services Consumer Panel is concerned about and we are watching this.

LEWIS: Mike Dailly. And you can let us know your cash machine experiences through our website: bbc.co.uk/moneybox.

Men will gain as much as women out of the government concession on state pension ages announced this week. Earlier this year, the government announced plans to raise state pension age to 66, making hundreds of thousands of women wait between 1 and 2 years longer to get their pension, while men would only face a delay of up to 1 year. But this week that timetable was revised so no woman would have to wait longer than

18 months, but 240,000 men will also gain more time. Pensions Minister Steve Webb explains why he's changing his plans.

WEBB: What we've done is we've listened to the concerns that our planned changes to the state pension age would hit one particular group of women particularly hard - those who might have faced an increase of more than 18 months in their state pension age, some up to 2 years (and that's a subject we've discussed on your programme before), and we've identified a billion pounds, just over, so that no-one will face an increase of more than 18 months. And I accept even 18 months is a significant change, but at a time when money is very tight finding a billion pounds to help those most affected we felt was a fair balance.

LEWIS: But half that money will be saved by putting off the pension age for men. It's women who'll still bear the burden of these changes.

WEBB: So what we're doing is that the process of equalising men and women will carry on on the schedule that we've put in the bill, so that's by November 2018 we're equal at 65. And the way we make sure that no-one goes up by more than 18 months is to delay the equalisation at 66 or the move to 66 till the autumn of 2020. And obviously because men and women are already equal by that point, it is true that some men will benefit as well.

LEWIS: 300,000 women though will still have to wait 18 months or more than they were originally expecting to wait. That could still cost them easily £10,000 or more in lost state pension. With unemployment rates high and rising, over-50s finding it hard to get work, some of them are going to find it very hard to bridge that gap, aren't they?

WEBB: And I'm not going to belittle the impact of the change. I mean of all the people affected, 9 out of 10 are affected by a year or less. So we're talking a relatively small proportion of the people affected, but certainly you know a significant number of people. It isn't easy to find work when you're older. Really it's a matter for us of

striking a balance between the need to move faster on state pension age, but finding the extra billion pounds this week to make it less severe for those most affected.

LEWIS: And where is that billion pounds coming from? Is it coming from bringing forward the date when pension age rises to 67?

WEBB: It isn't. So what's happened is on 66, we've made the change. That will go into the government's long-term plans and so half the money comes in the final year of the next parliament and the rest in the first year of the parliament after that, and that's simply built into the baseline now for the government's long-term plans. In terms of going beyond 66, there is a very slow timetable currently for 67 and 68. That's already on the statute book. We've already said publicly that we think that we do need to move faster on that and we consulted earlier in the year in how we do move beyond 66 - whether we do it on a formula basis or some other way - and we've yet to reach a conclusion on that issue.

LEWIS: And when can we expect to hear that because a lot of people in their 40s, indeed in their 30s will be very interested in that, won't they?

WEBB: They will be interested. And clearly you know not least recognising what's happened on 66, we will want to give people fair notice so there's certainly active consideration being given to that issue. So I can't give you a date for an announcement, but we're certainly looking very hard at that.

LEWIS: But speculation it could be as soon as next week is wide of the mark?

WEBB: If it is next week, it's news to me.

LEWIS: Pensions Minister Steve Webb. Well live now to Cambridge to talk to Joanne Segars who's Chief Executive of the National Association of Pension Funds. Joanne Segars, good news. Does it go far enough?

SEGARS: Well I think this announcement this week does take the sting out of what was a very raw deal for very many women, but it still means that a lot of women will face a very big increase, anything up to 18 months. So you know whilst we accept that state pension ages do have to increase, I think it would have been better and fairer to put this on a slower timetable - still moving pretty fast, still moving to 66 by 2022 - but that would have been fairer, it would have given people more time to plan.

LEWIS: Yes, I mean Steve Webb making the point that 90 per cent would have a delay of less than a year, but in fact 500,000 women will have a delay of more than a year, won't they, albeit limited now at 18 months?

SEGARS: Well I think that's right. And you know these are big decisions, they're big decisions for government, but they're also big decisions for individuals and we do have to ensure that it is done fairly and people do have time to plan. So I think you know one and a half cheers for government on this.

LEWIS: Well one and a half cheers, and I think it's probably going to go through parliament on Tuesday; there seems to be very little opposition left to defeat it. We've got some certainty now. What are your members going to do about the pension ages written into contracts for pensions you earn at work?

SEGARS: Well this is clearly something now which employers running company pension schemes will now need to look at, and I think the response will vary from scheme to scheme and ultimately will depend on the scheme rules. We've already seen lots of company pension schemes increase their state pension ages from 60 to 65 to take account of the equalisation we've already got and we've already moving to, so I suspect some schemes will want to move their state pension ages but that will depend on scheme rules and it will have to be consulted on.

LEWIS: And normally that will only apply to the pension you earn from the date of the change, so there could be people in schemes that will have some pension due to them at 60, some at 65 and some at 66, maybe some at 67 and 68. It's going to be

very confusing, isn't it?

SEGARS: It's going to be very confusing. It's going to be very confusing for employers and trustees running schemes, but it's also going to be pretty confusing for individuals. So people could get different slices of pension at different ages.

LEWIS: Or of course we carry on working and perhaps earn a bit more on it. We'll have to wait and see what people choose to do. Joanne Segars from the National Association of Pension Funds, thanks.

More than £10 billion a year is being invested in what are called "structured products". There are a number of versions of these investments, but all share one aim: to give you some of the gains of market rises, such as the FTSE 100 Index, while protecting your money from the falls, with the promise that your investment can't normally go down; it can only go up. But although most of these products are linked to the stock market, they're not actually invested in any shares. Financial adviser Paul Kelly, Co-Founder of Liverpool based Parker Kelly, sells these structured products to his customers. What benefits do they offer?

KELLY: They're for either growth or income in a less volatile environment than normal sort of equity type investments.

LEWIS: But they offer a kind of link to the stock market, but they're not actually invested in shares, are they? They're basically a bet with a bank or an insurance company.

KELLY: Yes in that parlance, yes they are. Definitely not invested in the stock market, but they are linked to the performance of a particular market whether it's a stock market or whether it's a commodity price or whatever.

LEWIS: And they do in some cases offer a complete guarantee of capital, so you will always get your capital back, but that guarantee isn't always as sound as it sounds, is

it?

KELLY: Correct. Yes, they do offer a capital guarantee as long as the counter party does not default.

LEWIS: And the counter party is what?

KELLY: Normally an investment bank institution.

LEWIS: And so if they go bust, you can actually not have that capital guarantee?

KELLY: That's correct, yes. However most of the counter parties that are used are rated very well by Standard & Poor. And the other rating agencies - for example one of the major ones is RBS, which is actually owned in essence by the British taxpayer. Now I cannot see in the future, whichever government's in power, letting RBS go if there was a problem.

LEWIS: Well listening to us is Justin Modray of Candid Money. Justin, are these products worth having in an investment portfolio?

MODRAY: They can be sometimes. I mean protected plans I think in themselves are not necessarily a bad or evil product, but the problem in the past has been that a lot of people have bought these and they just haven't understood the risks involved. Some products are very risky, some are reasonably safe, and there's a lot in between. And the other issue is they can get quite complex, again some more so than others. And I think you know if a financial adviser is using their commonsense, they're doing due diligence and research (as I'm sure Paul does) in recommending these to clients, and they form a small part of a client's portfolio, then they probably can be quite worthwhile in some cases. And in other cases we see banks and building societies selling products direct to customers really as an alternative to savings accounts. And that's what really scares me because they're not equivalent to savings accounts. They're more risky, they're more complex, and they're not always guaranteed by the

FSCS.

LEWIS: The compensation scheme. And how do they compare with savings accounts because of course if you want your capital guaranteed and a guaranteed return, you put it in a fixed interest savings account. What's the difference between the two in terms of return?

MODRAY: Well the best 5 year fixed rate savings deals at the moment are about 4.5 or 4.6%. Whereas if you look at protected plans, then they can be anything from about sort of 6% up to maybe 8 or 9%, again depending on how much risk.

LEWIS: And Paul Kelly, that's the comparison, isn't it? It's that extra hoped for 2 or 3% that you're taking your risk on?

KELLY: That's correct. As Justin rightly said, you know the best sort of 5 year fixed rate deals at the moment are paying about 4.6% gross. If you have inflation running at 4.5%, as we currently have, then that really gives you a net growth of .1%. And in this day and age, with prices the way they're going, a lot of people are depending on their savings and the interest that they're getting to maintain their standard of living doesn't represent really good value for them.

LEWIS: I think the figures show though that the maturing structured products at the moment have been returning between 5 and 7%. Now that of course is over the last 5 years when for most of that time interest rates were higher than that, weren't they?

KELLY: That's true, but again that's unprotected income products and they do run quite closely to bank saving type accounts.

LEWIS: Justin Modray, I mean how do you compare the two? You can hope to get more with one of these structured products, but it isn't guaranteed. Is it worth the risk for that extra 2 or 3% if that's what you get?

MODRAY: Sure, well it depends on your situation. I mean for higher rate taxpayers, where protected plans can be quite useful is when returns are liable to capital gains tax, not income tax. Very simply if you're not using your capital gains tax allowance, then in effect you can get the return equivalent tax free.

LEWIS: Well that's a big difference then, isn't it?

MODRAY: It's a big difference compared to a savings account where you've got to lop off say 40% tax. And again I come back to this whole issue of risk, and if you're taking some risk to get the extra 2 or 3%, some people may be happy doing that, others actually say well actually it's not worth the risk. I'm quite happy sticking the money in a bank. I know what I'm going to get. It works quite well.

LEWIS: And Paul Kelly, how would you answer people who said that these plans really are a gamble but dressed up as a safe bet?

KELLY: I disagree. I think they can form a part of a portfolio. Yes there is a risk attached to them, as there's a risk attached to everything. There's risk attached to cash because if it doesn't keep up with inflation, you're losing money.

LEWIS: Paul Kelly of Barker Kelly and Justin Modray of candidmoney.com.

There aren't many occasions on which a householder might want to argue their property is worth less than others think it is, but valuing it for council tax is one time when you might consider it. Money Box has learned that at least 40 claims companies are trying to persuade homeowners it might be worth getting their homes revalued downwards so they pay less council tax, but will doing it always work to your benefit? Fiona Woods has been looking into this. Fiona?

WOODS: Well Money Box has seen a letter that's been sent out to houses on one West London street by a company called Randall & Vickers. The letter says that at least one home on the street has been moved to a lower council tax band and suggests

others could get a reduction too, as well as a refund. In return customers pay 25% of whatever they're refunded, plus VAT, so 30% altogether. The letter is headed 'important information about your council tax'. Jean is one resident who was left a bit confused about who it was from.

JEAN: It sounded at first like something from the council tax office saying that they have discovered that people in my street were on Band D and I was on Band E and they could claim for me a refund back to 1993 and they would get it refunded it to me and it could be in the region of £2,000. And so I thought oh this is good. I even rang my son and told him. And I started to fill the form in the next day until I got half way down and it said 'you do not have to pay a fee for this now, but if we get you the money you will have to give us 25%'.

LEWIS: So, Fiona, how does this company know whether or not Jean's on a different council tax band from her neighbours?

WOODS: They wouldn't give exact details, but with a bit of rooting around on the web, I found that you can obtain all the information you need on the government website, Direct.gov; or if you're in Scotland, the Scottish Assessors Association site. You just punch in your postcode and you can see how your home compares to your neighbour's. You can also find out whether one of your neighbours has had a change in tax band.

LEWIS: So what does the company do for this fee?

WOODS: Well they say they investigate whether or not you have a strong case before submitting your request to be re-banded to the valuation office. Around a third of the time the cases they take up are successfully re-banded, the majority stay the same, and in a small minority of cases the band has actually been put up making the council tax more expensive. Randall & Vickers told me they had two cases where this had happened, though they were keen to stress this was a long time ago.

LEWIS: Thanks Fiona. Well live now with Martin Lewis, Founder of MoneySavingExpert.com, who's with me in the studio. Martin Lewis, how easy is this process to do yourself?

M. LEWIS: Yeah, well I came up with this in about 2007, a check and challenge system. I've done prime time television programmes about it, we've had millions of people try it. It takes them about ten minutes; thousand of successes. So this isn't a particularly difficult process. That's the check anyway. Two stages. First, are you in a higher band than neighbours in similar or identical properties? If you are, well that's your first tick. The next thing you need to check is well is it me who's in too high a band or them who's in too low a band. So then while the next check isn't evidential if you were ever to complain about it, this is the good one to stop your band going up because of course when you appeal bands can go up or down. I call that the valuation check. And effectively what you need to do is work out what your property was worth in 1991, which is when the bands were last valued in England and Scotland. It's quite easy to do. Use a house price calculator to find your sales price of either your house or a house near you, and then using Nationwide's house price calculator, you convert it back to 1991 prices. If that sounds complicated, we've got a tool on our website that does it for you for free.

LEWIS: Okay, so you can do it, but there are 40 firms offering this service and charging a fee. Some people just don't want to do it, do they?

M. LEWIS: Well some people don't want to do it and many people sadly don't know that they can do it themselves for free very relatively easy. And this is the big problem with claims handling companies. It's amazing when people like me or Which? or others launch a campaign, what we find 6 months later there's a claims handling company set up saying that they'll do it for you but they will take 30% of your winnings. Now let's say you get three grand. That's £1,000. I'm talking about a ten minute free check on the internet. Making the complaint is more complicated than that. So if you've done the check and then you decide hey I'm willing to pay somebody else £1,000 to do this for me and you make that as a rational consumer decision - great. But whether it's PPI or council tax, most of these things do not need

anybody else to do it for you. There are amazing resources available for free. It isn't set up to go to claims handling companies and the DIY route is the best and keeps more money in your pocket. You've already had money taken from you you shouldn't. Why give more of it away?

LEWIS: A lot of people are doing it too. In England alone, the first quarter of this year, 15,600 applied and more than a third, nearly 6,000, actually got their band reduced.

M. LEWIS: Well it's not just getting your band reduced. Remember that might save you 100, 150 quid a year. You can get a backdated payout from when you moved in going all the way back to 1993.

LEWIS: And what about the danger of finding it's going up because 20 people, according to the figures in the first quarter, had that experience - because you're not going to be very popular among your neighbours if all their houses go up as well?

M. LEWIS: No and it can actually be that yours doesn't go up and theirs does go up. This is why we try and do both checks. I've not had any cases reported to me of people using my system of bands going up because what we do is say very cautious, make sure you're sure you're in too high a band before you do the appeal, otherwise it ain't worth it.

LEWIS: Martin Lewis of MoneySavingExpert.com, thanks very much. Well that's about it for today. There is more on our website on all those stories: bbc.co.uk/moneybox. There's my newsletter, the podcast, listen again, send us your ideas and problems - as many of you do - and have your say this week on ATMs and cash that doesn't materialise. Some of you are already. There's no Money Box Live on Wednesday. Instead BBC Economics Editor Stephanie Flanders will be here at 3 o'clock discussing the current economic turmoil. I'm back as usual though with Money Box next weekend. Today reporters Fiona Woods and Bob Howard, producer Lesley McAlpine. I'm Paul Lewis.