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## **MONEY BOX**

**Presenter: PAUL LEWIS**

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**LEWIS:** Hello. In today's programme, I check out my credit record and discuss the best way to get it put right if there's a mistake. Are the banks snaffling part of the tax relief on interest on tax free ISAs?

**WESTON:** I'd rather give my tax relief back to the taxman than to the bank or the building society because at least the tax man is honest.

**LEWIS:** Is this headline really true?

**HEADLINE:** Spitfire ace forced to sell his house to pay care home fees.

**LEWIS:** We find out why some donations to Haiti appeals are being blocked. And ...

**SCOTTISH WIDOWS MESSAGE:** It could be you!

**LEWIS:** Find out how it could be you. We asked you what stories you would like us to look at in 2010, and so far credit rating agencies have been one of your favourite gripes. These agencies store information about all our credit deals - when we pay, if payments are late, how much credit we have, and nowadays information on current accounts and mobile phones. Whenever we apply for credit, the agencies reveal our credit history to the lender, so this information is crucial to our financial well-being if

we want to borrow money or open a current account. But you've raised two problems: the first, it costs too much to check your credit file; and, second, if you find a mistake, it can be a lengthy and difficult process to get it corrected. Money Box listener Robert Jackson recently had problems with his bank, his mobile phone company, and credit reference agency Experian when he tried to get things put right.

**JACKSON:** I wrote to Experian setting out the nature of the disputes with Orange and RBS Visa, and asked them to remove the data. They said that both companies had claimed the debt was still due and they weren't removing them unless RBS Visa and Orange consented. I had no idea about the possible damage until my credit was effectively cut off; and only with the assistance of the Chairman's office of RBS did Experian eventually record that there never had been a default.

**LEWIS:** One listener's experience. Well James Jones is from Experian and he took me through the process of applying to see my record online. To do that, you have to give your credit card number; and although it's free for a month, if you don't cancel it, it will cost you nearly £84 a year to subscribe. There is a cheaper way, a £2 statutory report, but sometimes it's hard to find the link to that on the credit reference agency websites. So I bit the bullet and put in my details to pay for a free for 30 days subscription. Okay, I'm now in my credit report. Number of credit accounts - 18. Good grief!

**JONES:** I mean this first section is a kind of handy summary of the highlights of your report ...

**LEWIS:** Yeah.

**JONES:** ... so it will show how many credit accounts you have on your history, what the amount of available credit is on there, how much you currently owe.

**LEWIS:** So it also tells the number of times it's been searched - none - in the last 3 months, the last year. Public information records on my report - none.

**JONES:** That'll be things like judgements ...

**LEWIS:** County court judgements.

**JONES:** ... so that's good.

**LEWIS:** So I've no judgements and I'm not bankrupt.

**JONES:** That's right.

**LEWIS:** Always good to know. Other financial associations. So if I had a joint account with somebody, that would be there, would it?

**JONES:** It would give you their name.

**LEWIS:** Right.

**JONES:** And that indicates that when a lender does a credit check, they would actually see that other person's details as well.

**LEWIS:** Right. And then how long I've been at my address and whether I'm on the electoral roll. Let me look at the accounts. So this tells me that I'm going to see all these accounts and it's going to be green if my payments are up to date; yellow or amber if it's one, two or three payments are late; and red if four, five or six payments are late; and then eight shows that I'm in real trouble basically.

**JONES:** That's right. So we use a sort of straightforward traffic light system to try to bring the information to light. And you can see if you look at the balance column there, you can pick out the accounts that are still open because obviously the closed ones probably aren't so important.

**LEWIS:** So there's all my accounts. Now that includes, I must say, one credit card

account that I haven't used for years. But that's still on there and that's 2005 when I closed that, but that stays on there 6 years after I've closed?

**JONES:** It's your credit history, so it will include information that you've used or accounts you've used in the last 6 years.

**LEWIS:** So that will be there till 2011?

**JONES:** That's right.

**LEWIS:** Now I'm very fortunate - all my credit seems correct and satisfactory. Supposing there was though a mark on there that showed I'd missed payments or that I'd broken an agreement and I thought that was wrong. What do I do then?

**JONES:** Well if you disagree with anything on there, then we'd encourage you either to contact us and ask us to take it up on your behalf - and you can actually do this through the website, there's a link at the top there - or you can contact the organisation direct because obviously they own the data. They're probably registering the same information with the other credit reference agencies as well, so they will need to actually authorise the update and send that to the other agencies too.

**LEWIS:** But the listener who's talked to us, Robert Jackson, he had disputes over his mobile phone and with his bank. He did take those up with the organisation. It took a very, very long time to get it corrected.

**JONES:** Right.

**LEWIS:** Meanwhile, the information on *your* record (and presumably the other credit reference agencies) continued to be wrong. Why is it up to us to get things put right?

**JONES:** Well if someone alerts us to the fact that they disagree with information, what we'll actually do is we'll mark the information as disputed on the database.

We'll add a little flag to it and then we'll raise a query on behalf of you with the organisation.

**LEWIS:** But the fact there's a flag saying it's disputed doesn't mean it can't be used against me to refuse me credit, does it?

**JONES:** Well any lender that obtains the data will see the flag. The wording on the flag makes it very clear that the accuracy of the information's in doubt, so they should take great care if using the information to make a decision. So there are safeguards in place.

**LEWIS:** But look at it this way, James. Supposing somebody rang me up and said, "That James Jones is a crook" and I broadcast that and you contacted me and I said, "Okay James, next time I say it I'll put a little flag saying by the way James Jones disagrees with this" and I would do that until you proved to me you were *not* a crook. That's not really very satisfactory, is it?

**JONES:** It's not quite the same with credit reports, of course, because the role of the credit reference agency is to provide a platform to enable all the banks and lenders to share data with each other.

**LEWIS:** Sure, but you're still publishing it. You are publishing it to those members, just as we are now broadcasting to the nation.

**JONES:** But it's only available to those lenders. It's not public information.

**LEWIS:** It's still published though.

**JONES:** All of the lenders agree to keep the information accurate and up to date and to process any disputes as quickly as possible. You also have a legal right to add your own information to your credit report. So if there was an ongoing dispute that was clearly going to take a while to resolve, you could add a note to your report - simply

send that to us, tell us what wording you want to use - and lenders will see that additional information as well.

**LEWIS:** Yeah, but all that will say to a lender is this a troublemaker; don't lend to them.

**JONES:** Well not necessarily.

**LEWIS:** And this is the credit report that ultimately I'll pay for if I don't cancel it within 30 days. Is the £2 one, the statutory one that I'm entitled to, is that exactly the same?

**JONES:** It's the same basic information.

**LEWIS:** Even the statutory one though, you still have to pay for and it's £2. Some Members of Parliament have said this should be free. Do you think it should be free?

**JONES:** In actual fact, we feel there's very little justification for the reports to be free. They're already available for a nominal sum of £2. Actually most other organisations that hold personal information about you, you have to pay £10.

**LEWIS:** Right, if I want to know now what my credit score (as people tend to call it) is ...

**JONES:** Yeah.

**LEWIS:** ... how do I go about that?

**JONES:** If you go to the top of the page there, you'll see a link to 'my score'.

**LEWIS:** And oh I've got to pay again. (*laughs*)

**JONES:** Yes, it's available for an additional fee, your score.

**LEWIS:** Right. So it's £5.95?

**JONES:** Yes.

**LEWIS:** Right, okay, let's have a look at it. 999, goodness me!

**JONES:** Your score is the top score. 999 - you cannot get higher than that.

**LEWIS:** This is almost getting embarrassing. That's very useful. Well I'm going to print this off, I think, and pin it up in my bathroom. (*Jones laughs*) James Jones of Experian talking to me yesterday. Hmn, I must remember to cancel that subscription before the 30 days is up. And you can have your say. Let us know what you think about credit reference agencies - some of you already are - at [bbc.co.uk/moneybox](http://bbc.co.uk/moneybox).

Many of you have been complaining to us about the interest rates paid on cash ISAs. Of course cash interest rates are low all round, but rates on ISAs (where the interest is paid tax free) are generally lower than those on similar non-ISA accounts where the interest is taxable. Money Box listener Margaret Weston told us that the banks are in effect taking the benefit of her tax relief.

**WESTON:** I have been looking for a suitable ISA account, a 1 year fixed account for myself and my husband, and I've found that the interest rate on the cash ISA accounts are generally lower than the ones offered on ordinary taxable savings accounts and at the moment the ISAs have precious little advantage over the other accounts. You know I'd rather give my tax relief back to the tax man than to the bank or the building society because I feel that at least the tax man is honest.

**LEWIS:** Well one listener's controversial view there. So are the banks in effect snaffling our tax relief by keeping the interest they pay on ISAs (where it's tax free) lower than the interest they pay on ordinary savings accounts where the interest is

taxed? Live now to Norwich to talk to Andrew Hagger from Moneynet who's done the sums for us. Andrew, are rates generally higher on ordinary savings accounts than on ISA savings accounts?

**HAGGER:** Yes, they certainly are. We've looked at fixed rates and variable rates, and in both instances the ISA rates are poorer than a traditional non tax free savings account.

**LEWIS:** Is the difference so great that ISAs without tax are actually worse than non-ISAs after tax?

**HAGGER:** If you're a basic rate taxpayer, it is still better to have an ISA although the benefit is pretty small at the moment. You know it's small enough for people to almost think it's not worth taking up the benefit.

**LEWIS:** Yes, so in a sense our listener Margaret there was right - the banks are in effect taking some of the tax relief for themselves by paying us less on the tax free ISAs?

**HAGGER:** Yeah, I mean I would agree with her sentiments there. But I think one of the things to remember with ISAs - it's a bit of a strange one, it's not like normal savings accounts - because the tax year starts in April a lot of people I think buy their ISAs at the end of one tax year, beginning of the next, and the banks recognise this and they will put their best rates out during that limited window. Once we move past say the middle of May, beginning of June, the banks have probably fulfilled their targets and actually you know they will then reduce their rates because they don't think there's that much business left out there to be had.

**LEWIS:** Yes and I must say Eric Leenders of the British Bankers Association contacted us about this by email and he said there is a "seasonality", as he calls it, in ISA pricing as banks and others compete for ISA balances at the start of each tax year, and the rates for 2010 ISAs won't be with us for a few weeks yet. So he says it pays to watch the market and shop around. So, Andrew, are we likely to see better

cash ISA rates as the end of the tax year approaches?

**HAGGER:** Yes. I think you know if we see the same pattern as we saw at the tax year in 2009, when you get to the middle of March you'll find the providers bringing out their new deals; and if you haven't used your tax allowance for this year, then there's an opportunity there to get a better deal than is currently available.

**LEWIS:** Yes, so it's probably best, particularly on the fixed rates, to wait a bit because they will be better in a few weeks time?

**HAGGER:** Definitely. But you do need to make sure that you use your tax free benefit before the end of year tax cut off, otherwise you lose it for good.

**LEWIS:** Yes, indeed. And for someone over 50, that's £5100; for younger people, £3,600; and then next year, it's £5,100 for everybody. And just to go back to this complaint that Margaret and many others have made to us. Is there any reason, apart from taking a bit of our tax relief, that an ISA account should pay less than a regular savings account?

**HAGGER:** I can't see one, to be honest - you know apart from, as I say, you know the competition's just not there outside of the sort of ISA buying season, if you like. I think you know the banks could do more. You know the government introduced ISAs as a carrot to encourage the savings habit in the UK. Well the benefit's just not there at the moment.

**LEWIS:** Up to the banks. Andrew Hagger from Moneynet, thanks very much. And now a headline.

**HEADLINE:** Spitfire ace forced to sell his house to pay care home fees.

**LEWIS:** Well that story from Friday's Daily Express. It was backed up by an outraged editorial, and a similar one was in the Daily Mail. They claimed the spitfire

ace's wife faced the prospect of being forced to sell the home they'd shared for 63 years to pay for his care. But is it true? Does anybody really have to sell their house to pay those care home bills? Of course many people do, but I went to the expert Pauline Thompson, Policy Advisor for Care Finance with the charity Age Concern and Help the Aged, to find out the complex details.

**THOMPSON:** There's no question of him having to sell his house because his home is totally ignored whilst there's a partner remaining in it.

**LEWIS:** Right. Now I mean his issue is that at the moment the NHS pays all his fees, but if they stop doing that then it will become the local council's job to sort it out ...

**THOMPSON:** Yes.

**LEWIS:** ... and it's at that point that this complicated means test kicks in. You're saying his house doesn't count because his wife lives there?

**THOMPSON:** Yes. Absolutely in this case, the house won't be taken into account because his wife lives in it, so he can be reassured.

**LEWIS:** Supposing it turns out that Mr Mejor lives a number of years, but meanwhile his wife passes away, leaving the 54 year old daughter Sally in the house. Would it *then* be counted as his property and affect the amount the council would pay?

**THOMPSON:** If his daughter has reached 60, then it would still have to be disregarded because it's disregarded if a relative who's over 60 or a relative who is under 60 but has any medical problems and isn't able to work and is incapacitated in any way, it would be disregarded in that case. But let's say his daughter *hadn't* reached 60 and she is now the only person living in the home. Then they could ask for a deferred payment, so that they didn't actually have to sell the house immediately. In fact this is something that's often misrepresented in the papers because so often it's said people are forced to sell their houses when in fact since 2001 you can ask for a

deferred payment.

**LEWIS:** So the bill for each week for the care home is simply added up as a debt ...

**THOMPSON:** Yes.

**LEWIS:** ... and then it's settled once the resident has died?

**THOMPSON:** Yes, you carry on paying out of your income, and then whatever the difference is between your income and the cost of the home. And I think it's particularly important where people are challenging NHS decisions to stop funding that they *do* ask for a deferred payment because if it turns out that the NHS has made a wrong decision and they do decide that the NHS continuing care should remain in place and that the NHS should continue funding, then it's really important that you know you've still got the property at the end of it.

**LEWIS:** So how would you describe the headline that says 'spitfire ace forced to sell his house'?

**THOMPSON:** It's a headline that could frighten people. It's really important that people do understand that you can ask for a deferred payment from the local authority pending the outcome of the appeal.

**LEWIS:** And it's worth saying that the rules about whether the NHS should pay for care in full are very complicated and much contested, aren't they?

**THOMPSON:** Yes, indeed. And you know a lot of people do challenge decisions and the important thing is to get some good local advice to go through very carefully what's known as the decision support tool to see how the new decision has been made. And you know if anybody disagrees with it, make it very clear *why* you disagree with it.

**LEWIS:** And, meanwhile, make sure that you don't give up the house and that the local authority fulfils its duties to pay for the care.

**THOMPSON:** Yeah. And in this case rest assured that the house is going to be disregarded anyway.

**LEWIS:** Pauline Thompson of Age Concern and Help the Aged. Well the Daily Express told Money Box it stood by the story. The news editor said "whether what the family has been told is correct is a different issue, but that's what they have been told." Well it is all very complicated. If you're faced with a care home question in England and Wales, there's a couple of places to go. First Stop is a charity which can offer advice. If you need a lawyer, Solicitors for the Elderly can find you a local lawyer expert in these complex rules. And there are links to both organisations on our website. More in my newsletter, which is also on our website: [bbc.co.uk/moneybox](http://bbc.co.uk/moneybox). Go to the programme page. And while you're there, why not sign up to get it every week? And remember care home rules are slightly different in England, Wales, Northern Ireland and in Scotland particularly.

Scottish Widows has an important message for thousands of people.

**SCOTTISH WIDOWS MESSAGE:** It could be you!

**LEWIS:** It has a £50 million jackpot waiting to be claimed by 24,000 policyholders. These payouts date back 10 years ago to when the insurer turned itself from a mutual organisation into a shareholder company. But despite a decade of effort, Scottish Widows is yet to track down the remaining people who've still not claimed their money. The deadline is barely 2 months away. Money Box's Charlotte McDonald has been looking at the story. Charlotte, how much could people get?

**McDONALD:** The average payout is a very useful £2,000, but the numbers will be bigger for some individuals. Scottish Widows say there is one policyholder out there who is due £85,000, but they have yet to be found. And last year, a policyholder was traced who was entitled to more than £100,000.

**LEWIS:** And how have these people been missed?

**McDONALD:** Well, Paul, some may have died or moved or changed names. Some people took out the investments more than 20 years ago and have now forgotten about them. Others will have a policy through a company pension scheme and they may not be aware of this.

**LEWIS:** So who may be eligible now?

**McDONALD:** Customers who held life and pension policies at the time of demutualization may be due compensation if they have not received any to date. But not everyone with a product dating back to 2000 is due a payout. In fact Scottish Widows has been inundated with queries from people who are not eligible. That includes customers who have PEPs, ISAs, unit trusts, bank accounts and credit cards. People will need to check carefully.

**LEWIS:** Okay, so if you think you may be entitled, what should you do?

**McDONALD:** The best thing to do is fill out a form on the Scottish Widows website. We've put a link to it on the Money Box page. Scottish Widows will get back to you within 12 weeks to say whether you are owed any money.

**LEWIS:** Thanks very much, Charlotte.

And now Haiti.

**DOCTOR:** For now it's wound management, pain management, infection control and wait for the competent help to come.

**REPORTER:** What is it you need most?

**DOCTOR:** We need everything. We're out of everything.

**LEWIS:** A doctor talking about the terrible problems in Port-au-Prince in Haiti. And reports like that have encouraged thousands of you to give money to the Disasters Emergency Committee or other charities to help the rescue effort in Haiti. But some people have tried to give online and found their donation is blocked by their bank. It happened to Money Box listener Estella Baker when she tried to give to Oxfam last night. So she called her bank HSBC.

**BAKER:** They told me they had done this because I hadn't used that website before. I found that very surprising because recently I've used quite a lot of websites and made payments with my credit card and none of them have been blocked and some of them have been for larger sums than that. Clearly, particularly with the Haiti appeal, it's really pressing that the charities get the money as fast as possible with no difficulties, and I think it is very odd that the computer would pick out charity websites for this kind of treatment and not others.

**LEWIS:** Well Money Box has learned that this is a problem for a small but significant minority of donations to the Haiti appeal. Live now to talk to Andrew Goodwill from credit card fraud prevention company, The Third Man. Andrew Goodwill, why are some charity donations being blocked like this?

**GOODWILL:** They're being blocked because the banks and the card companies are deeming those charity websites as being a high risk merchant because what happens is when a credit card fraudster compromises your card, he will want to test that card to see if it works. So he will make a small donation through a charity website because there's no form of delivery, no goods are going to be delivered to the fraudster, and he wants to see if the card works because if it does work, he can then go off and use it on other sites.

**LEWIS:** Yes, I mean some of these people who told us about it, Estella for example, donated £100. I mean that's not a small donation to many people.

**GOODWILL:** It's not and I think that that's because the card company has deemed the charity as a high risk merchant.

**LEWIS:** Yes. It's odd though, isn't it, because this is a major disaster. Obviously a donation to this is bound to be unusual, out of your normal pattern of giving, so why is it being picked up?

**GOODWILL:** I totally agree and I think it's been picked up because charities are not fraud screening their transactions. The banks are not very good at picking up credit card fraud. It does need a fraud screening company to actually screen the transactions and then tell the banks which are fraudulent and which aren't, rather than just having a blanket coverage where they block all cards.

**LEWIS:** Yes, so that's something the charities might think of doing. But in Estella's case, she gives by standing order to Oxfam. The banks seem to think a web payment was unusual. Do we need a bit of joined up banking here where they look at your current account and what you do and your credit card as well?

**GOODWILL:** Well I think we do and I think we've got into a ridiculous situation where banks are blocking transactions to charities. I think it's absolutely ridiculous because that's the one thing that people want to do at this time, is to show their support for disasters and to be able to donate their money.

**LEWIS:** And if your bank does block the payments, what can you do?

**GOODWILL:** There's not a great deal that you *can* do really. My advice would be is to ring your card company and pester them and tell them you know that you're really annoyed that they've blocked that transaction, and make sure that they take the block off so you can use the card again and you can make that transaction again.

**LEWIS:** Yes and certainly that worked in Estella's case. And HSBC told us that if a card is declined, the bank will contact the customer and then after confirmation obviously the donation can go through. And just one final point, Andrew. I've had a couple of emails that I think are phishing exercises asking me to give money to Haiti, but in fact that money may be going somewhere else entirely. Is that also going to be a problem to be aware of?

**GOODWILL:** It is indeed and everybody needs to be aware where we have a natural disaster that the phishing people do start to write their emails and send them out. And they will send them out globally. That's how they get your card details to compromise your card in the first place. It's a little bit like a circle. They'll send out a phishing email, they'll get your card details, and then they'll go to the charity and make a small donation.

**LEWIS:** Yes - they're clever, very clever, but very disreputable and let's hope it doesn't happen too much. Andrew Goodwill of Third Man, thanks. HSBC also told us the vast majority of our customers donations are made successfully. Let's hope so. Well that's it for today. You can find out more from the BBC Action Line - 0800 044 044 - our website, [bbc.co.uk/moneybox](http://bbc.co.uk/moneybox). Do all sorts of interesting things. Have your say about credit reference problems or indeed problems donating to the Haiti appeal. Some of you already are, people saying credit scoring is unfair and how do they get this information. Anyway, Vincent Duggleby back on Wednesday with Money Box Live. Questions on small business. Back with Money Box next weekend. Today the reporter Charlotte McDonald, producer Karen Kiernan. I'm Paul Lewis.