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## **MONEY BOX**

**Presenter: PAUL LEWIS**

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**LEWIS:** Hello. In today's programme, a tale of two cottages: one insured, the other not. Who pays if a fire which appears to have started in one burns down the other? The great child benefit debate. Is it fair to take it from the top earning one in seven, or is the way it's being done so unfair the idea should be scrapped? If you have valuable jewellery or documents, what are your choices to protect them as the major banks close safe deposit boxes? And what are your rights if a letter arrives for someone else threatening to send round the bailiffs for their debt?

But first, more than a million and a half homeowners have no insurance to protect the house they live in. That doesn't just put them at risk if an accident happens to their home. Even if the problem starts in the house next door, they can still be left ruined. This week I went to see Violet Grainger, a pensioner who owns a semi-detached thatched cottage in the home counties. Last year, in less than an hour, her home of nearly 50 years was gone. (*segues to*) I'm standing outside Violet's cottage, which was built more than 250 years ago. There is almost nothing left of the older part. The windows are blackened, the front wall's beams and lath and plaster seems to be falling towards us, and you can see right through the house, through the blackened beams to the area beyond. It really is amazing that it's stood here for more than a year in that condition. It really has been burned if not quite to the ground, certainly burned out, hasn't it? What happened?

**GRAINGER:** It certainly has. Just over a year ago, there was a fire which started, we think, on the far end of the thatch of my neighbour's house, and it quickly spread right through to my side. The wind was blowing my way, so it tended to fuel it and it came very quickly. We had about ten fire engines here, but I lost virtually everything. The roof and everything caved in. And in the older part of the house where the floors had come down, there was thatch and dust and everything. And eventually I was allowed to go in after two or three months to actually see if I could find anything and I sorted through all the thatch and everything and bagged it all up ready to go to the tip. And amongst that I did find some things, a few photo albums, but of course I've lost so much - not in value as in money value possibly, but in sentimental value and photos that I can't replace of my parents and things like that.

**LEWIS:** And you've also lost, just about, your lovely home.

**GRAINGER:** I certainly have, yes. I moved here with my late parents in April of 1964 and have lived here ever since. I lived with my parents until they died and then I inherited it, yes. But now, being not insured, the chances of actually rebuilding anything are very minimal.

**LEWIS:** Yes, tell me about the insurance. The building wasn't insured. Why didn't you have insurance?

**GRAINGER:** Well up until about 4 years ago, I did have insurance - building and content - but being on a low income and the price of electricity and food and that coming before anything else, I had to let the contents and the house insurance go. But in retrospect, of course, I wish I had have been insured because now, you know, I can't claim on anything.

**LEWIS:** I'm sure there will be people listening though who say whatever you do, you shouldn't give up your insurance. What would you say to them?

**GRAINGER:** No you shouldn't give up on your insurance, but when you have to decide about paying bills and council tax and insurance, you have to try and prioritise. And unfortunately maybe in hindsight it should have been the insurance that I prioritised the most. You know if you can't claim off of your neighbour's insurance, the insurance people aren't prepared to pay anything up, you're absolutely snookered.

**LEWIS:** Have you thought of taking legal action to try and get money from your neighbour's insurance?

**GRAINGER:** I've thought about it and the people that have been helping me - I've had a retired barrister who's got lots of notes on it - but they don't seem to find a lawyer that would take it on as a no win no fee situation as yet.

**LEWIS:** What is your message to people who are economising by not insuring their home?

**GRAINGER:** Whatever you do, if you actually own your own home prioritise and insure it before you do anything else because, believe you me, I wouldn't like you to go through what I've gone through for the last year or so.

**LEWIS:** Lawyers won't take Violet's case because there's no evidence that the cause of the fire was a result of negligence or anything other than an accident, so the neighbour's insurer has no legal obligation to pay. I asked Malcolm Tarling from the Association of British Insurers why insurance companies didn't pay up for collateral damage.

**TARLING:** The law says that if you want to claim against someone else, you have to show that they were negligent and their negligence resulted in your property being damaged. Obviously it's a very traumatic and distressing experience for this lady whose home has been virtually destroyed by this fire, but the law says if you want to claim against someone else for damage, you have to show they owed you a duty of

care, you have to show that there was negligence and as a result of the negligence you've lost out.

**LEWIS:** Negligence can be hard, but not impossible to prove. Laura Checkley is a solicitor in the litigation department of lawyers Pemberton Greenish.

**CHECKLEY:** The general principle behind negligence is that a person has to take reasonable care to make sure that they don't cause reasonably foreseeable harm to another person or another person's property, so you would have to show that their behaviour fell short of that reasonable standard. So the types of things that you would be wanting to find out was first of all in this sort of situation what the cause was of the fire. Then you would need to look at what precautions the neighbour took to try and minimise or reduce the risk of a fire occurring, whether the neighbour had the chimney swept regularly or was the chimney lined, who installed the actual fire or the stove, was it installed in accordance with the manufacturer's guidelines. And you would look at the answers to all of those questions and you'd probably get advice from a specialist actually to say what would be the normal standard expected of someone, what would be reasonable to expect someone to do, the precautions for someone to take, and then you would need to consider now did what the neighbour did actually do, did that fall short of what you would expect of a reasonable person.

**LEWIS:** And just to be clear. If your neighbour has not been negligent and has not done anything that could cause a nuisance, then the insurance company would not have to pay if, for example, a chimney fell down and fell through your property; or, as in this case, a fire spread to your property?

**CHECKLEY:** Yes, exactly, that is the position.

**LEWIS:** Laura Checkley. And, as I said, there's no evidence of negligence in this case. The neighbour's insurer Halifax said the case highlights the importance of making sure you have home and contents insurance and the right level of cover for

your property. Violet saved £300 a year by cancelling her insurance, but she's lost almost everything.

Now the great child benefit debate. Should better off parents lose their child benefit? The government proposed in 2010 that any parent earning enough to pay higher rate tax, currently around £42,500 a year, should effectively lose the family's child benefit. The government says it's not fair that lower income families should pay for the child benefit of those on high incomes. The problems with the plans though were identified immediately: one-income families would lose the money at £42,500 a year, while two-income families could have more than £84,000 spread evenly between them and keep it; and people who were close to the higher rate threshold could find an extra pound of income loss than perhaps £2,000 of child benefit. Money Box listener Keith Riley currently earns just under the proposed threshold, but he's worried a small rise might lose him a lot of money.

**RILEY:** I've got two kids at the moment, so I get about £1700 a year child benefit. Now by going that few hundred pounds into the higher income bracket, I'll lose the whole of that. One way to make sure I stay under the higher income tax bracket is by opting out of the health insurance, and if I get rid of that I will stay under that high rate tax level bracket. That seems counterproductive in the fact that I'll have to go to the NHS rather than use health insurance, which will all cost the government and the NHS money. I think the transition between not getting the child benefit and getting the child benefit should be graduated in some way because at the moment it doesn't provide any incentive for me to try and earn more because I just lose so much in one fell swoop.

**LEWIS:** Well Keith and more than a million other parents will listen with particular interest to George Osborne's budget on Wednesday when we do expect to be told the government's final plans. Child Poverty Action Group has been leading the campaign against the proposed changes. Lindsey Judge is its Senior Policy Officer. Lindsey, why should a parent that earns more than the vast majority of people receive money from the rest?

**JUDGE:** Well I think a lot of the discussions about fairness have been based on some misconceptions about child benefit. First it's wrong to depict child benefit as regressive as if low income families subsidise high earners' child benefit. Self-evidently higher rate taxpayers pay more tax and so they in effect cover the cost of their own child benefit as well as that of others. And second, child benefit is not untargeted. It's targeted at families with children, and it's targeted at families with children because it's the way we recognise in the UK that parents incur considerable costs when they have children and that it's fair to smooth these costs over a lifetime and between generations.

**LEWIS:** And also with us is Claudia Wood who's Deputy Director of the think tank Demos which supports the changes. Claudia, just to go back to Keith's point. How is it fair to take child benefit from a single earner like Keith on £42,500, but couples can keep it if they earn, equally divided, £84,000? That seems terribly unfair.

**WOOD:** I think terribly unfair is a little bit of a misnomer. I think we should say it's a blunt instrument and it is quite an anomalous system.

**LEWIS:** Yes, but ... Sorry to interrupt you, but we've just had an email from Richard who says he thinks it's disgusting that two people earning say £40,000 a year can get it; whereas one person like himself, who earns just over that, won't get it. I mean that unfairness has been coming in our inbox a long time now.

**WOOD:** Yeah, what people need to remember is that anomaly, that weirdness is actually littered throughout our benefit and tax system - tax credits, tax bands themselves. This system has always been like this since we've not been taxing couples. If we were to fix the system what we would have to do is ask people to fill in their tax form - are you cohabiting? Then we'd have to think about what tax code do you have if you live with someone, what tax code do you have if you're married. That becomes really intrusive.

**LEWIS:** Yes, there are practical difficulties. And Keith's point that if he gets an extra pound, he could lose £1700, I mean that is also a powerful disincentive to look for promotion, to get a better job. And indeed you might have to say to your boss please don't give me a pay rise or I'm going to lose three times as much in child benefit.

**WOOD:** I think it's highly unlikely that someone will get a pay rise of £1 to get over that benchmark, and what I would say is that you know people who are getting progression at the £42,500 threshold are probably getting a career's worth of progression. We're not talking about a one-off jump and then a lifetime stuck at 43.

**LEWIS:** The point that Lindsey made though is that this is actually a transfer from people who've not got children to people who do have children, and we all recognise having children costs money and that children are good for all of us. You know they're the taxpayers of the future who are going to pay your pensions at some point. So why shouldn't we help, even in a small way, everyone who goes to the expense of having children?

**WOOD:** We all help in a small way. In a large way in the fact that our taxes go to the NHS, which looks after children, it goes to Sure Start centres, it goes to schools. Lots, millions of taxpayers who are never going to have children pay a significant proportion of their tax towards the education system. And we're not talking about scrapping child benefit here. We're talking about focusing it on those who are most in need.

**LEWIS:** Lindsey, CPAG, Child Poverty Action Group, is about child poverty. I mean surely even losing this amount of money, for most of the people affected it won't drive them into poverty, will it? It might be anomalous and unpleasant to lose that much money, but they're not going to be in poverty.

**JUDGE:** Well I think something that's been forgotten in all the debates is that a universal benefit like child benefit plays a critical role in preventing poverty and not

just in ameliorating it. We've done some family case studies and these show that a couple with three children and one earner just above the tax threshold with a mortgage of £200,000 will be left with a disposable income that puts them below the poverty line once their child benefit's removed. And in terms of numbers this would affect, our results show that around 8,000 families with around 20,000 children in them would be pushed into poverty by the change.

**LEWIS:** I mean difficult for them obviously, but it's not that money out of the 1.2 million who could lose the benefit, is it?

**JUDGE:** Well that may be the case, but for those children, for 20,000 children that means the difference between living a life in poverty and living a life not in poverty.

**LEWIS:** And Claudia, given that the country does have to save money, we have to pay down our debt, we all accept that, why should it be families who bear the brunt better off or not? Surely a much fairer way is to raise income tax or introduce a new mansion tax or something like that, put up other taxes?

**WOOD:** I think those are all being done.

**LEWIS:** As well?

**WOOD:** In tangent. I mean changes to child benefit are one of several dozens of cuts to different benefits across the system because we're not looking at it just in isolation. And I think we have to remember that the people we're talking about - this 8,000 families who potentially could (if they have that particular type of mortgage, if they are a single earner with three children, there's a very specific group you're talking about) is less than a tenth of a per cent of the entire population who get child benefit. If we had an error rate of less than one tenth of a per cent in every benefit system we had, we'd be celebrating. That's a tiny amount.



**LEWIS:** And, Lindsey, another suggestion that Keith made and many people have made to me is well why not just means test it a bit? You know why not have a graduated system? Let's make sure the very wealthy don't get it and maybe spread it up from £42,0500?

**JUDGE:** Well I think we have to look not just to the question of cost, but we have to look to the question of cost effectiveness. And we know that as soon as you start means testing benefits, they become much more complicated, they're expensive to administer, and there's a great deal of stigma attached to claiming them and take up declines. And just to give you an example. We know that 96% of eligible families claim child benefit; while child tax credit, the benefit specifically designed for low income families, is taken up by only 80% of eligible claimants. So keeping child benefit universal is not just effective for supporting wealthier families. It's also good for those on low incomes too.

**LEWIS:** Claudia, how do you respond to that?

**WOOD:** Well I'd say that you know a 96% take up rate of a benefit where you've got 15% of the population in a higher bracket and you have say 5% you know earning a six figure salary seems unfair to me. You know why would you be claiming £20 a week from the state when you're on £200,000 a year?

**LEWIS:** Okay, we'll stop you there. I don't think you've changed each other's minds. Lindsey Judge of CPAG and Claudia Wood of Demos, thank you very much.

**WOOD:** Thank you.

**LEWIS:** Now it's good to inherit a rare piece of jewellery or perhaps some gold coins, but how do you keep them safe? Last year Money Box listener Keith decided to pay for a safe deposit box at a local branch of Lloyds Bank in Somerset to keep items from a family legacy, but last month Lloyds wrote to say in future all deposits would

be stored by a private company hundreds of miles away at a site in Scotland. The annual fee would increase and he would have to pay more every time he took the items out.

**KEITH:** Clearly with the fact that any access to the box would need journeys up and back down the motorway to Edinburgh, I consider that the risks are much higher. And if I were to try to cover that risk on my household policy, I suspect that that would be fairly large and probably not very different from simply holding the box hidden in my house.

**LEWIS:** Lloyds told Money Box that customer demand had declined and it believes a centralised approach for valuable items in safe custody is more appropriate. But many banks are getting rid of their safe deposit boxes altogether. Catrin Nye has been investigating for the BBC's Asian network.

**NYE:** We found that largely your main high street banks aren't offering this service anymore. I started investigating because of complaints from listeners actually that Barclays had asked them to withdraw their goods, and after a few inquiries it turned out that Barclays are taking the step of completely withdrawing this service over the next few years. And there are very few alternatives. The Coop Bank's already done this, the same as Barclays. NatWest and RBS say their branches are totally full. Lloyds withdrew the service last year for new customers and HSBC is a similar situation to NatWest. They're completely full and they only have around ten branches still offering this anyway.

**LEWIS:** And what do people keep in these safe deposit boxes?

**NYE:** Well all manner of things really, and I think they'd be very expensive to keep and insure at home - things like wills, deeds, jewellery, antiques. I've been speaking specifically to the Asian community about this because they've been particularly affected because of the amount of gold that they carry. Families often have tens of

thousands of pounds worth of this and it's very high quality. You're talking 22, sometimes even 24 carat gold. And the problem has come because thieves are more aware of this, so homes are being very specifically targeted. Thieves have gone in with metal detectors and been able to seek it out straightaway. And police forces across the country are sort of on top of this now and there's a lot of awareness campaigns about this being a problem.

**LEWIS:** So what's the reaction from them then to the disappearance of bank safe deposit boxes?

**NYE:** Well huge concern. People are so worried about mentioning the fact that they'd had to take out their gold from whatever bank it may have been that people don't even want their own family to know that they have gold at home because they fear they might be targeted. One of the people I spoke to about it was a man called Prakash Palicha and his family had lost more than £100,000 of Indian jewellery in a burglary. And they'd taken it out of their safe deposit box in a bank, but just briefly. It was out just a number of days for a wedding.

**PALICHA:** It obviously leaves you feeling very vulnerable. In our particular case obviously I was quite devastated because it was the sentimental value of all the things that my mother had left us.

**LEWIS:** So if the banks aren't offering a service, what is the alternative?

**NYE:** Well private companies do offer safe deposit boxes still, but they're considerably more expensive. A small one is around £120 a year.

**LEWIS:** So that's an alternative in the private sector, but how regulated is it?

**NYE:** Well companies have to be registered with the Financial Services Authority, but they only have to sign up to anti-money laundering legislation and there are no

other codes of conduct. So if a customer had a complaint about their safe deposit box when it was in a bank - for example if they had items gone missing or something like that, something damaged - then they could have complained to the Financial Ombudsman Service, but the Ombudsman has told us that it's unlikely they'd be able to consider a complaint against a private company providing these type of boxes. So the best advice really is to check out your firm very thoroughly and consider getting a safe. But you know again having a safe at home is something people are again quite uncomfortable with. There is really that demand for high street banks to offer this service.

**LEWIS:** Catrin Nye. And although the big high street banks are ending the service, Metro Bank, which has branches in or near London, does offer safe deposit boxes.

Now what should you do if an urgent, official looking letter addressed to a previous resident drops through your door, especially one that's threatening the bailiffs? Should you return to sender or open it and try and sort things out? Well Money Box listener Annie Park got a penalty charge notice from Transport for London addressed to someone who hadn't lived in her house since 2008.

**PARK:** The first letter definitely said they hadn't paid the first time and the amount was now a lot of money and that they could send round the bailiffs. That's why I phoned them immediately. I said, "Will you please cancel this notice and cancel any bailiffs?" and she said she couldn't unless I proved I lived at that address. I said, "Wait a minute, I don't have to prove anything. You need to prove that he lives here and he doesn't live here." "Oh no, you have to supply us with a copy of your council tax or your tenancy agreement." "I don't have either council tax or tenancy in my name." And I think I suggested, "Look, I wish I hadn't opened this. I could just put it back in the envelope and write not at this address." She said, "No, it's your problem now."

**LEWIS:** Well after Money Box contacted Transport for London, it agreed to accept alternative documents as proof of Annie's address, cancel the penalty charge notice,

and it even apologised to her. But what should you do with urgent letters in cases like this? Susan Marks is Social Policy Officer at Citizens Advice.

**MARKS:** If it's not addressed to you, it's best not to open it. Sometimes you can see an indication of who sent it on the back of the envelope and that might help you to get in touch with someone if you think it's urgent, but the vital thing in respect of Annie's case is just because she opened it doesn't suddenly transfer the liability to her.

**LEWIS:** No, I suppose the danger is though that if you don't open it and just put it back marked 'gone away' then that will be seen as a suspicious act by the people who are owed money and they may well come round to the address and knock on the door?

**MARKS:** Well the fear is that someone comes to your home and wants to collect on the debt and then you're there standing at the doorstep thinking well how do I prove that I'm not this person. It's quite a difficult thing to prove the negative.

**LEWIS:** Yes, especially as people who are debtors may well pretend they're not the right person. But what do you have to prove? I mean can you just say this isn't me, go away?

**MARKS:** Yes you can. And the important thing I would say in that situation is to just stop and take a breath a moment and you know it's clear to you that something's going horribly wrong here. To say, "Right, who is it I'm talking to? I'm going to get advice about this and then I'll speak to you again. I'm not prepared to go into this without finding out what my rights are."

**LEWIS:** And what about if you do put them off or you just don't open the letter and you say look it isn't me. Is there a stage at which if they still are convinced that you may be fibbing, then they can send round bailiffs?

**MARKS:** The stage when a bailiff can appear, I'm afraid isn't a simple answer

because it varies a lot according to the type of alias and the type of debt that's being collected.

**LEWIS:** And if somebody does come to your door who says they're a bailiff, what do you do then?

**MARKS:** You're in a difficult position because once a bailiff has come into your home ...

**LEWIS:** Well don't invite them in I suppose is ...

**MARKS:** (*over*) Exactly so, exactly so.

**LEWIS:** But if you just say look this isn't me, go away, do you have a responsibility to prove that you are who you are or you live where you live?

**MARKS:** No, it's for them to prove that. But at the time when this is happening, you're just scared that somebody you don't want in your home is coming into your home. So you need to get some sort of back up yourself, so you feel in the stronger position, and it's vital to get advice and get it quickly.

**LEWIS:** Susan Marks from Citizens Advice. Well, that's it for today. More on our website: [bbc.co.uk/moneybox](http://bbc.co.uk/moneybox). And I didn't tell you, but you can have your say on child benefit on there and lots of you are already. Shona says there's no incentive to earn more than £42,000. Emily's worried about national insurance which of course comes with child and, of course, the government has said it is going to deal with that problem. And Philip says wouldn't it be just easier just to tax it child benefit? Vincent Duggleby's here on Wednesday at 3 with Money Box Live - mainly about mortgages, but in the light of the budget, is earlier that day. On Thursday I'm back with Money Box Budget Call at 12.30 to answer your questions, and I'm back with Money Box next weekend. Today the producer was Sally Abrahams and I'm Paul Lewis.