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## **MONEY BOX**

**Presenter: PAUL LEWIS**

**TRANSMISSION: 19<sup>th</sup> DECEMBER 2009 12.00-12.30 RADIO 4**

**LEWIS:** Hello. In today's programme, tales of two listeners who wouldn't take no from big insurers.

**PETRIE:** The judge awarded me my claim and interest and costs.

**LEE:** I received a letter offering me £200, and Money Box then obtained a further £395.

**LEWIS:** Bob Howard's been online shopping.

**HOWARD:** What can you do if the goods you've bought simply don't arrive?

**BARNETT:** I googled the company. The number of complaints that were on the web about this particular company gave me considerable cause for alarm.

**LEWIS:** As the country freezes, is changing your energy supplier just too complicated? And can it really be the end for the cheque?

**VOICE 1:** Cash your next wage cheque.

**VOICE 2:** It is not possible for us to give a blank cheque.

**VOICE 3:** Girocheque, insurance cheque, benefits cheque.

**VOICE 4:** There is no blank cheque on offer.

**VOICE 5:** Cheque please. (*laughter*)

**LEWIS:** More of that later. But, first, David Lee versus Goliath, Aviva. Money Box listener David Lee called the insurer earlier this year to find out what his with profits endowment policy would be worth when it matured last August. The call centre operator helpfully worked out the total, including the amount which would be added on at the maturity date - the so-called terminal bonus. And when David asked if that might be cut before he was paid, the adviser replied:

**ADVISER:** No, no, no, no, no, no. These terminal bonuses are now set in stone.

**LEE:** Oh right.

**ADVISER:** They're reviewed twice a year - in September and then the very last day of December. So yours will be you know determined from now until September, so yours is not going to change.

**LEWIS:** But David was particularly disappointed some weeks later when the documents arrived, and the amount that was "set in stone" was in fact far less than he'd been promised.

**LEE:** I thought it meant what it said - that it was set in stone and that I would be getting what they told me.

**LEWIS:** And so when Aviva cut the rate two months later, how did you react?

**LEE:** Well the first I knew of it was when I got the bonus pack, and I was absolutely well horrified.

**LEWIS:** How much less was it than the set in stone amount you'd been promised?

**LEE:** Well it was round about £3,000. But part of that is because Aviva made a mistake in calculating the bonus, which they'd cut and which at the time I didn't realise that they'd cut. So the whole thing was a mystery to me.

**LEWIS:** So it was £3,000 less roughly than you were expecting?

**LEE:** That's right, that's right.

**LEWIS:** Now you recalled what had been said. How sure were you of it?

**LEE:** Oh absolutely because the remark "set in stone" was set in stone in my mind. It's a very, very emphatic, unequivocal remark to make.

**LEWIS:** David was so sure of what he'd been told, he contacted Aviva and asked for a recording of the conversation. And after more than two months Aviva supplied it, but then said the call centre operator had simply been wrong.

**LEE:** I was told "Oh no, sorry, that's a mistake", but they said they would elevate it to a complaint and I would have to wait to find out what the outcome was. I received a letter from Aviva offering me £200 by way of an apology. In fact it wasn't an offer. They wrote to me telling me that they were going to put £200 into my bank, which they did. I wasn't happy with this and I contacted Money Box, and Money Box then obtained a further £395 on my behalf. So we're still about £1800 adrift of what I was told I would be getting.

**LEWIS:** Aviva told us, "We're sorry that Mr Lee received the wrong information. We've carried out a full review of this case and we'll be offering Mr Lee an additional sum to put his policy back to the same value as it was in May had he surrendered it." But David Lee's still unhappy and his complaint is with the Financial Ombudsman. Now he relied on a copy of his conversation, which Aviva did supply, but what rights

do we have to such recordings? Mel Stein is a lawyer who's written a guide to complaining.

**STEIN:** Well you actually don't have any at all because there's no specific requirement within the licences for a business to release recordings of calls with consumers. And the argument for that is the customer's got the right to make his own recording, which is a nonsense because we simply don't do that. And to argue data protection is difficult unless you've actually disclosed data within the conversation to which you're entitled to have some privacy, and people generally don't disclose data within a conversation.

**LEWIS:** So even under the Data Protection Act, you can't say you hold this information about me; you must let me see it?

**STEIN:** What information? If you've given details of your bank account or an insurance policy, yeah perhaps the answer is yes, but would you have the right to actually have copies of the entire conversation surrounding that? It's a grey area and it's not been tested in the courts yet. But the fact of the matter is you know a lot of companies will act properly and if they've got a recording, they will give it to you.

**LEWIS:** And once you've got the recording, if someone has made a mistake - as the agent clearly did in this case - is what they say to you binding?

**STEIN:** Well is it a mistake or is it a representation? That's really the situation because ...

**LEWIS:** What's the difference?

**STEIN:** Well if you make a representation to somebody, which is a misrepresentation and it induces them to do something, you may have a claim. So, for example, if they'd said to this guy listen you're going to get your amount of money and on the basis of that he'd gone off and committed himself to buy a house or buy a car or booked a

holiday, then I think he'd be on slightly stronger ground than if it's just a mistake. And as far as I'm aware, he didn't actually commit himself to do anything based upon the figures they gave him. It's very annoying, I've been in exactly the same situation myself with another substantial company who actually my wife wanted to surrender a policy. We phoned up. We were told we could surrender. We were given a figure - and this was at the time that the market was crashing all around us - and then we went to download the surrender form from the web and they'd removed it from the web. So they hadn't even supplied that piece of information - and by the way you can't now surrender online, you've got to do it all by post. And while it was going through the post - well what do you know, the value fell, we lost money. Now I took that all the way to the Financial Services Ombudsman and I've lost. The Financial Ombudsman said listen, you know it was within the bounds of normal business practice.

**LEWIS:** Lawyer Mel Stein. And now another successful listener. Nearly a year ago, we reported on the Standard Life Pension Sterling Fund. It was marketed as a cash fund where pension money could be safely deposited. But without telling its customers or their advisers, Standard Life put nearly half the fund at risk in other assets, including some which depended on sub-prime mortgages. And the fund lost money. After many complaints, Standard Life decided to compensate some customers for some of their loss. But anyone who invested before 23<sup>rd</sup> December 2008 was excluded. One of them, John Petrie, took Standard Life to court, and this week he got the judgement he'd been hoping for. But why did he pick that fund in the first place?

**PETRIE:** I put it into the Sterling One Fund because it was described as a cash fund. This time last year, there was total turmoil with the financial institutions, the banks. I didn't want to keep all my pension in one pot. So Standard Life offered the Sterling One Fund as a temporary home. Now the intention was to put it all into that pot and then to break it down and feed it out into different banks and limiting each chunk of my investment to £50,000.

**LEWIS:** You were being very cautious, trying to avoid losing any money?

**PETRIE:** I was being *extremely* cautious.

**LEWIS:** Did you believe that it couldn't go down at all?

**PETRIE:** It was described to me as a cash fund and a safe home for my money.

**LEWIS:** When did you find out that it hadn't been such a safe fund?

**PETRIE:** I'd been in that fund for only a couple of days and I was looking at it daily, and I saw it went down by several thousand pounds within a couple of days of my investment. And it transpired that it had gone down because of the fact that the investment that Standard Life had made wasn't quite in cash as I was led to believe it was.

**LEWIS:** What made you decide to go to court?

**PETRIE:** I contacted Standard Life and said I wasn't at all happy with the description of the fund. They weren't happy to accept my argument, so I decided that I would take it to court.

**LEWIS:** And are you surprised you won?

**PETRIE:** Oh absolutely not. If I'd had any doubt anywhere along the line, I wouldn't have gone to court. I did get back my full loss. The judge awarded me my claim and interest and costs.

**LEWIS:** The judge was fairly harsh on Standard Life, wasn't he? He said investors and advisers should have been given clear and complete information but they were not. Do you feel you weren't given complete information by Standard Life?

**PETRIE:** Well this was the whole crux of the issue. Had I been fully informed as to what I was investing in, I wouldn't have invested into that particular fund.

**LEWIS:** There was also an issue about Standard Life warning you that if you did go

to court, it might cost you a lot of money.

**PETRIE:** Well yes, indeed. During my course of correspondence, prior to issuing the court summons, Standard Life did make what appeared to be a veiled threat that they could try and recover their costs from me. I said to the judge I did feel I had been bullied by Standard Life and the judge obviously picked up on this and agreed with me.

**LEWIS:** Yes, he said for large organisations to attempt to bully litigants in person is “unattractive”. We know a lot of people who invested their money before 23<sup>rd</sup> December 2008 were excluded from Standard Life’s compensation. Would you encourage other people to go to court?

**PETRIE:** Well I would now say that if people have lost money in the Sterling One Fund, as I did, I would suggest that initially they contact either their independent financial adviser or, if they haven’t got one, then they write direct to Standard Life and request they’re treated fairly in the same way that I was.

**LEWIS:** So quoting your judgement?

**PETRIE:** Indeed, yes.

**LEWIS:** John Petrie who got back more than £3,000. Standard Life wouldn’t come on Money Box, but a statement said: ‘customers who invested before 23<sup>rd</sup> December 2008 may be entitled to compensation. Cases are being dealt with on an individual basis to reflect that each customer’s circumstances are different.’ That’s an invitation to complain if ever I heard one. If you want to use John Petrie’s case, the judgement will cost you £5 through the court service. Details on our website: [bbc.co.uk/moneybox](http://bbc.co.uk/moneybox).

A record number of people are buying their Christmas presents online this year. This month we’re expected to spend £5 billion through websites. That’s up by 14% on last

year. But in the search for that cheapest price, how can you be sure the website you send your money to will send back the item you ordered, and on time? And if the goods never arrive, how easy is it to get your money back or get the site investigated? Well Bob Howard's been investigating himself.

**HOWARD:** Indeed, Paul. Gary Barnett from Southampton likes to surf the web looking for the cheapest deals. Last December, he was looking for a microphone to use with his iPod and found what he wanted on a site called Computerwebstore.co.uk.

**BARNETT:** I placed the order. I got an email response back confirming that it would be delivered between 4 and 6 days. Sort of 8 or so days passed and I thought well I'd better email them to check on the status of the order. And out of curiosity, I googled the company. I felt a little stupid because the number of complaints there were on the web about this particular company gave me sort of considerable cause for alarm.

**HOWARD:** Gary's concerns were justified. The website had no phone number, so Gary could only make contact via email. After the initial responses from the firm, he received no more replies and no microphone. And, as he feared, he's not alone. I spoke to Jamie Slack from Essex who paid £340 for a hard drive which never arrived. He told me he's seen complaints about Computerwebstore on at least 15 different web forums. The firm is run by Howard Perry. He wouldn't give me an interview, but he did send this email reply to the complaints from customers like Gary and Jamie.

**PERRY:** We don't have a response to these complaints without going through them all, and they have all probably been sorted out. If orders are not shipped on time, people complain and so this is our priority right now.

**LEWIS:** Mr Perry said he was looking at giving out a phone number, but as he only had one member of staff it would be difficult to answer it. As well as an email, the website lists an address, so I went to check it out. I've come to Liverpool to try and find out a little bit more about Computerwebstore. And the first place I've come to is the address that it gives on this website, which is Imperial Court, Exchange Street East in the centre of Liverpool. It sounds an impressive address, but when you arrive

here you realise that in fact it's simply a small mailbox in a mailbox shop where the mail goes in and then presumably somebody collects it. And from what I understand from Companies House, in order to be a registered company you have to give a proper address. So the fact that this is just a mailbox is a bit worrying. My next stop is Trading Standards here in Liverpool and I want to ask them what action they can take. Hello, Bob Howard from Money Box.

**HUDSON:** Hi, Stephanie Hudson, Trading Standards.

**HOWARD:** Hello.

**HUDSON:** Please come in.

**HOWARD:** Thank you. This customer bought this time last year, and yet when he goes online to this particular firm, Computerwebstore, he still sees it up and selling.

**HUDSON:** We are interested in this company and we are looking into it. Obviously I can't really say much more than that, but any complaints we will look at.

**HOWARD:** It's quite tricky to know really, isn't it, whether you are actually buying from a reliable retailer or not?

**HUDSON:** What you should be doing is looking to ensure that wherever you purchase your goods, you have details of the supplier, so you have an address in Great Britain; that any feedback on the website is good feedback.

**HOWARD:** You said to try and look for a UK address, and it has what sounds like a very respectable address in the centre of Liverpool. I turned up there just now and it was just a whole load of mailboxes.

**HUDSON:** This is a problem because a lot of websites are just mailboxes. If it's like in the middle of a town centre and you're getting goods from there, it's unlikely that

it'll be a warehouse that's sending out the goods. All I can say is that if you're paying for goods over £100, do so by credit card because you do have protection under the Consumer Credit Act Section 75.

**HOWARD:** Liverpool Trading Standards says it's closed five websites this year, but it admits it can take up to a year to fully investigate a firm and it may take thirty complaints to trigger that investigation. So can companies which enable websites to take card payments react more quickly? I asked Jonathan Welch from Sage Pay, which provides the card payment services platform for Computerwebstore.

**WELCH:** The account is actually being monitored at the moment and we are in discussions with the merchant. If we see perhaps more than 4 to 5% of complaints versus genuine transactions going through the account, we may take a view to closing the merchant down.

**HOWARD:** So, Paul, you can see just how hard it is to get fast action against sites like this. So it's really important you check before you buy.

**LEWIS:** And how do you do that?

**HOWARD:** Well search consumer forums and make sure there's a phone number. If you pay more than £100 on a credit card, you generally get greater protection; or you can request your bank to seek a refund through a process known as charge back if you pay on a credit card or a Visa debit card. Gary eventually got his money back this way. By law, firms generally must deliver within 30 days. So after that time, you can contact your bank and ask for help.

**LEWIS:** Thanks, Bob.

Cheques have been part of our financial life for 350 years, but this week the Payments Council, which is a consortium of banks that run the plumbing our money travels through, set a target date of 31<sup>st</sup> October 2018 to close down the cheque clearing

system. But if you want to know what the alternative to the cheque might be, well the answer's in the post. We'll have to wait to find out how people will in future send a subscription to a small society, post Christmas money to a niece, or pay for a school trip. But in some European countries, including Belgium, Sweden and the Netherlands, cheques disappeared a while ago. I asked the Senior Advisor for Payments and Securities at the European Banking Federation, Patrick Poncelet, what alternatives they use.

**PONCELET:** I would say the major replacement of cheques is the debit card, which starts to be accepted in liberal professions or individuals like doctors or dentists or the plumber because now we have some less expensive equipment which allow even an individual to get paid through a debit card.

**LEWIS:** And what about payments to small societies and organisations, which are often made by just popping a cheque in an envelope?

**PONCELET:** Exactly. Well there I would say the major replacement, principal replacement instrument is a credit transfer - which in many continental European countries is the number one payment instrument, especially now that you can basically instruct these transfers through your home banking.

**LEWIS:** But of course a lot of people don't do home banking, don't have a computer at home - particularly people perhaps of an older age.

**PONCELET:** (*over*) Of an older age. Correct, but I think you can see that even older people more and more are ready at least to use a card where they have to enter a PIN. They might not yet be connected to the Internet, correct, but to make the replacement of the cheque successful you need to have several payment instruments. So it's not a one to one replacement. The cheque is not replaced only by a debit card, only by credit transfers. It's by this different series of instruments.

**LEWIS:** When cheques have been phased out in other countries ...

**PONCELET:** Yuh.

**LEWIS:** ... has there been much public resistance? How have the banks overcome that?

**PONCELET:** Well yes, they have done it in very subtle ways. First you have to make transparent the cost of cheques because in most countries cheques were free or at least perceived as being free. So there are two basically ways of getting rid of cheques. It's first by starting to charge for cheques when they want a chequebook and also charge per transaction. I always give the example of what happened in Belgium, for example, where the banks, together with the government, had struck an agreement that they would make it more and more difficult just to obtain cheques. So if before you could just ask your bank for a chequebook and you would get it in 24 hours and you would get 25 or 30 cheques, all of a sudden it took longer, it was more difficult. You had to fill in a form. It would take a week instead of a day to get the cheque. All these dissuasive measures which we learned afterwards had been pre-agreed. It was sort of a plot. People said - and I remember and I was one of them complaining at the beginning - "Oh I can't get my cheques anymore." Then if this is combined with good payment alternatives, the complaints finally die out very rapidly.

**LEWIS:** You say you found out about this agreement between the government and the banks afterwards. Was it kept a secret at the time?

**PONCELET:** Yes it was, and for very good reasons - you know that banks are not supposed to make agreements where they altogether start charging something or taking a concerted action, as it's called. So they need to have the green light of especially the Competition Authority that the measures you will take to discourage the cheque either by charging, etcetera - altogether, all the banks altogether - will not be object of a infringement against competition policy.

**LEWIS:** Patrick Poncelet of the European Banking Federation.

And as we shiver with temperatures well below zero in much of the country this

weekend, energy companies will be rubbing their hands - not to keep warm, but with glee as our energy consumption rises. The average household spends around £1200 a year for gas and electricity. In recent weeks, a small price war has broken out, but only for people who are willing to get their bills by email, send in their own meter reading, and pay monthly by direct debit. And how do you compare these latest offers from British Gas and Npower with the thousands of other different tariffs which are available? One way of course is to use a price comparison site, but even then can you really be sure you're saving money? With me is Joe Malinowski from one of those sites, the Energyshop.com. Joe, just tell us first how many energy tariffs there are.

**MALINOWSKI:** We estimate that there are currently in the region of 12,000 tariffs that customers can apply for, but if you take the full number of tariffs that are what they call preserved - i.e. customers have signed up to them in the past, you can't buy them anymore but they're there in the background being priced for - the number rises to about 25,000 and it's growing quite dramatically.

**LEWIS:** Good grief, I mean far more than a human can possibly choose between. And are they really different? Why do they have so many?

**MALINOWSKI:** Well I would say there's probably three main reasons why we've had this significant proliferation of tariffs over the last couple of years. Firstly, a legitimate reason. If you look at for example British Gas, its got 16 million customers. If all of them were on just one product, every time you go into the market to change the price, you'd need to be negotiating for billions and billions of pounds of energy. It makes it very difficult to be flexible. So what these companies are doing is they're breaking their portfolio of customers into smaller groups on different tariffs, so they can better understand them, better manage them and be more flexible in the way they offer the tariffs. The second one, which doesn't actually work for the benefit of the consumer, is of course once you've broken them up into different prices, of course you can price differently. And not picking on any one company, but just using an example of Npower, for example, who launched the cheapest tariff this week - sign online 17. This is the 17<sup>th</sup> version of the cheapest tariff, which has been going for a number of years. But behind the scenes, there are you know versions for up to 16 at

significantly higher prices. So you know taking an example, if you'd signed up two years ago to Npower, you might still believe you're on the cheapest deal but actually you could be paying 20 to 25% more.

**LEWIS:** So you should shift to the new one?

**MALINOWSKI:** Well in Npower's case, absolutely. And this is not unique to Npower. Other companies are doing this. What happens when the tariff disappears, you lose the transparency and the only way you know if you're going to be on a good deal is you've got to check.

**LEWIS:** You can't always do that, can you? I was looking at a comparison site as an average customer. I was given 79 choices and the top few fixed my tariff until (in one case) February 11, but then they locked me in by fining me 30 quid if I had the temerity to move.

**MALINOWSKI:** Well I would say that's becoming more normal, and I would say that's a legitimate reason. I mean don't forget if they're offering cheap products because they're taking advantage of cheaper energy prices in the markets, they're making a commitment by putting their money on the table to buy that energy and they don't want you obviously disappearing off the product.

**LEWIS:** Sure, but these lock-ins- I mean some of them are up to £70. And what about other tariffs that are not the standard ones - tariffs for people over 60, social tariffs for low income customers? And of course prepayment meters - how easy are those to go and compare on websites like yours?

**MALINOWSKI:** With prepayment customers, you can compare. We do show all the rates. What we can't do is take applications for them because they're not enabled with most suppliers. So you can certainly see what's available and you can call the company concerned to get the deal. With social tariffs, there's a lot less transparency there. The information hasn't been made available to us at this point.

**LEWIS:** Joe Malinowski of the Energyshop.com, thanks. And you can have your say on changing energy suppliers - how easy or difficult or useful is it - on our website, [bbc.co.uk/moneybox](http://bbc.co.uk/moneybox). But I'm afraid that's it for today. You can find out more. The BBC Action Line is 0800 044 044. Our website, as I mentioned, [bbc.co.uk/moneybox](http://bbc.co.uk/moneybox). Do all the usual exciting things, including listening again and telling us about energy prices. And you can also do our Christmas Quiz: 20 ticklish teasers from the Money Box team. No prizes. You get your score at once. See if you're worth a banker's bonus. I'm back on Wednesday with Money Box Live taking questions on charitable giving. Money Box next week as usual on Saturday - yes Boxing Day - looking at house prices and mortgages. From reporter Bob Howard, Editor Richard Vadon, and me, Paul Lewis, have a good Christmas.