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MONEY BOX

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LEWIS: Hello. In today's programme, the end of Child Trust Funds. What choice is there now if you want a savings account for children? Listeners complain about websites that charge premium prices for government services.

JONES: I'm not a lawyer, but I could set up this service. As long as I had a public document, I could send it to the Common Office and charge people £30. Why not? It's just ridiculous.

LEWIS: Bob Howard's here. He's been looking at the mobile phone bill from hell.

HOWARD: That's right, Paul. If your phone is lost, do you or your network foot the bill for unauthorised calls?

GUTHRIE: Why are they not doing more to protect their customers? You don't expect a phone bill ultimately of 1800 quid over three days, do you?

LEWIS: And Prudential wants shareholders to pay out for a deal that isn't even settled yet. The National Grid is after shareholder cash as well. Our guide to rights issues.

But first, the coalition government has announced the end of Child Trust Funds.

David Cameron explained why this week to Labour's David Blunkett.

CAMERON: Of course the Child Trust Fund when thought up was a good idea, but today it means a new child being born, we are borrowing money for that child and then putting the money into that child's bank account. You broke the nation so badly, its schemes like these that can't be continued with.

LEWIS: Well since 1st September 2002 every baby born in the UK has had a payment of at least £250 from the state to kick off its own Child Trust Fund account. A further payment is made at the age of 7. But from 1st August payments to those aged 7 will stop and payments to newborn babies will be slashed to £50 in most cases, and no payments at all will normally be made to babies born from 1st January 2011. One of the biggest providers of Child Trust Funds is the Children's Mutual, and live now to talk to its Chief Executive David White. David, people are confused about how this will affect them. What happens first to the 5 million *existing* Child Trust Fund accounts?

WHITE: Well I'm glad the Prime Minister thinks it's a good idea, Paul. I think this is a dark week for families with young children. We mustn't lose sight of the important thing, as you've just said, which is young people still need a financial head start in life and the Child Trust Fund is a nudge that works. So the most important thing for the 5 million children who've still got Child Trust Funds is that they can keep them going right through till they're 18. So we've had lots of calls into our call centre this week - people worried that their Child Trust Fund that they have is going to stop. That's not the case. They'll go through to 18. You can keep putting money into them, keep topping them up.

LEWIS: So friends and relatives can put in up to £1200 a year altogether into them. It's completely tax free. They needn't worry about it. So people with children already born who are getting them, they needn't worry. But it's the ...

WHITE: And that's true for all children born this year, Paul, because every child born right up to 31st December will still get a Child Trust Fund.

LEWIS: Yeah, they'll get less put into it ...

WHITE: (*over*) Indeed.

LEWIS: ... but of course the key thing is getting those friends and relatives and uncles and aunts to put money in, isn't it really?

WHITE: And that's why I say it's a nudge that works. 50% of our Child Trust Fund accounts have mums and dads and aunts and uncles and grandparents putting money into them. People know that children's futures are important. Now I think the important thing is what was working before the Child Trust Fund, well what was there before the Child Trust Fund wasn't working the same way as this nudge has, so we need to press government to say we have a black hole come January for children's futures and we need to make sure their futures don't end up in that black hole.

LEWIS: Sure. And I know you've been lobbying for some kind of replacement, and I think you had talks with the Treasury on Friday. Was there any hope for you there?

WHITE: Well I think the government does agree that we need a savings culture in the country and does agree that saving for children's futures is important. And the government's made a decision they can't afford to put money into Child Trust Funds at the moment, so what we need to do is work with government over the coming months to have something exciting that works for children come next year.

LEWIS: And stay with us, David, but also with us in Guildford is Julie Hedge. She's the author of 'The Pocket Money Plan', a guide to saving for children. Julie Hedge, Child Trust Funds scrapped for children born from next year. What will parents and grandparents be able to do from then to save for them?

HEDGE: Well there are definitely other solutions for everyone. It's a shame that choice has been taken away and the things that are left behind can be slightly more complicated. However people do want to save for their children. F&C just did a

survey which said 74% of parents want to save. It's going to be a straightforward building society account. It's going to be a children's bonus bond from National Savings or a unit trust or investment trust.

LEWIS: But of course if parents put money into any of those, they could end up paying tax, couldn't they?

HEDGE: The NS&I children's bonus bond is free from tax. It's a 5 year plan. Bonuses are about 2.5% at the moment, so not that interesting. Bank accounts can be slightly complicated. People don't realise this, but if you get more than £100 of interest added to a children's bank account, that money is deemed to be the parents and taxed appropriately.

LEWIS: Yes, it depends who's put it in, doesn't it? If grandparents put it in, it's okay. But if mum and dad put it in, it's not. Isn't that the position?

HEDGE: Yeah, that's right.

LEWIS: And it's £100 each, so mum puts money in, dad puts money in. So you've got to be very careful though, haven't you, because you could end up paying tax?

HEDGE: You could end up paying tax and you then get into a complicated situation where you have to have two accounts to try and keep parents' and grandparents' money separate and it's just a nightmare.

LEWIS: Yes, the kind of thing, I think David White, you want to avoid. And what about ...

WHITE: *(over)* Well Paul ... sorry I was just going to say Julie's absolutely right in what she said, but I wrote down 'complex, complicated, tax, no-one will understand'. You know listen to the conversation you and Julie just had and that just proves that we need something simple for every family to embrace in the way that they embraced

the Child Trust Fund.

LEWIS: Indeed. I mean I remember having discussions like this before the Child Trust Fund and it was very complicated. And, David, what about share based investments, which I know you specialise in and many people do believe in. You can't even buy shares for children under 16 except through a Child Trust Fund, can you?

WHITE: Well that's the point. And of course what we'll do is we'll remove the kind of financial education and financial planning and financial capability gains that we're getting. And Julie's right to talk about building society and bank accounts, but look at interest rates at the moment and would we want money for long-term savings for children tied up in cash? Probably not. But I think the most important thing is to come back to the complexity that you and Julie just discussed, and children ... sorry parents up and down the country are not going to get into that.

LEWIS: And Julie, very briefly do you have a couple of places you would recommend?

HEDGE: For building society accounts?

LEWIS: Anything, yes.

HEDGE: Building society at the moment, if you want just a straightforward account, you're going to get 3% from the Northern Rock, which isn't that exciting.

LEWIS: Not great, is it? And of course you must always make sure they know it's a child account, so it's paid free of tax initially.

HEDGE: Exactly.

LEWIS: Julie Hedge and David White, thanks very much for talking to us.

Many of you have contacted us expressing concern and confusion at the number of unofficial websites charging for government forms and information that can be obtained either free or much cheaper if you go direct to the government website. The problem's created partly by the search engines, which often give priority to links from companies that pay to be at the top of the list. Money Box reporter Ben Carter's been looking at this.

CARTER: One of our listeners, David Piper, told us he had gone online to renew his NHS European Health Insurance Card, which makes sure you can get free treatment if you travel in Europe. He entered 'EHIC renewal' into a search engine and the first link that came up was www.ehic.uk.com. He clicked on it and was invited to apply; but after completing the application form, he was then asked to pay £9.95.

PIPER: We were unhappy with this charge, so we telephoned the number given on the website and in fact it was an official National Health Service helpdesk and they explained to us that in fact the service was totally free. This company charges you £9.95 per application to just contact the NHS, which you can do yourself for absolutely nothing. We explained to them that we were not happy with this situation and we thought these charges were totally unfair and we felt we'd been tricked.

CARTER: Now IMAP, who run the website concerned, have told us that their charge is for the check and send service that they provide and not the card itself. But the only information they have to check is that the customer has entered their own name, date of birth and national insurance number correctly, as they are the only details the NHS require. It's not clear what they check those details against. The Department of Health told us it was trying to do something about the websites and that they did not endorse them. Details of the official website where you can apply for a European Health Insurance Card are on our website.

LEWIS: And, Ben, it's not just health cards that have been catching listeners out, is it?

CARTER: No, it's not. Gwyn Jones needed to get some documents apostilled or

legalised in order to carry out work abroad. The legalisation process essentially guarantees that things such as passports and birth certificates are genuine. Gwyn found a website claiming to be the official apostille service at www.apostille.org.uk. It was only after receiving an invoice that he realised his bill of £327 would have been just £144 had he simply sent the documents to the Foreign and Commonwealth Office, the actual service providers.

JONES: If you look down through the hundreds of Google entries for similar companies, it's quite obvious that they're just offering an additional service. Whereas this one isn't like that. This one actually appears above the FCO's entry and it says 'the official UK apostille service'. So well you think that it does what it says on the tin then, you know. I feel you know I'm not a lawyer, but I could set up this service. As long as I had a public document, I could send it to the Common office and charge people £30. Why not? It's just ridiculous.

CARTER: Now we should make it clear that Gwyn had five documents and the official cost on the FCO website is £28.80 per document, plus a mandatory £6 registered delivery charge. A day after we contacted the website, it issued a statement saying an initial review of their website had led to several important updates to provide more clarity to site visitors. The website has now been changed and they no longer claim to be official, and they have amended their charging information to show what the Foreign and Commonwealth Office charge per document. The Foreign and Commonwealth Office told us that it was aware of a number of companies who offer to act as intermediaries between the customer and the legalisation office. It says that if there are concerns or complaints that specific companies are misleading their customers, they will look into them to see what further action may need to be taken.

LEWIS: Money Box's Ben Carter. Well live now to talk to Adrian Simpson from the Trading Standards Institute. Adrian, are these sites all legal?

SIMPSON: Good afternoon to you. These sites aren't actually illegal at all. It would only be illegal if it was deliberately misleading consumers into perhaps thinking it was the official Foreign Commonwealth Office, but it wasn't.

LEWIS: But one of them actually calls itself Ukofficialservices.co.uk, and it's not.

SIMPSON: Well what I would urge is anybody who feels like they've been misled with that particular website is to actually contact their local trading standards service who I think would be quite interested in investigating that one further.

LEWIS: Right. But since we started looking into this, and certainly this morning since we've been trailing the programme, we've had so many emails from people and you realise what a vast business it is.

SIMPSON: Yeah, there seems to be quite a lot of these sort of websites springing up where there are official documents that you can get free but companies actually seem to be charging for it. Certainly the companies seem to think that they're actually providing some sort of service to you. By you sending the details, they'll check them and they'll send it on for you.

LEWIS: Yeah, but they can't really check them in many cases, can they, because they're relying on you to provide the right information. I mean child benefit claims, I think they're charging £11.69 to make a child benefit claim. Birth certificates, visas, Land Registry, Companies House - whatever search term you put in, you find parallel websites charging you for a lot more than the government would.

SIMPSON: Yes, I mean certainly at the Trading Standards Institute, we would like to see a lot more clarity with these websites. We would like to see them perhaps be a bit more transparent about the fact that you can (if you want to) do these yourselves for free, but of course that's a commercial decision for the company to make.

LEWIS: And how can people protect themselves because when you put these search terms in, it's the commercial ones that often come up top?

SIMPSON: Well what I would suggest consumers do is if they are after some form of official document perhaps they should take a look at the government's central

website, which is direct.gov.uk and then perhaps do a search there for documents. This morning, I was able to find information on the European Health Insurance Card and the apostilles as well.

LEWIS: Yes. And of course most government ... well all government websites will end with those magic letters, won't they - .gov.uk?

SIMPSON: That's absolutely correct. The websites with .gov.uk are in fact protected as in only certain organisations, certain government organisations can use that.

LEWIS: Yes. And if you want visas, I suppose you make sure you go the Embassy or the High Commission site itself and don't just type 'visa' into a search engine?

SIMPSON: Exactly. It's always best to go straight to the official source, if you like, rather than just relying on the results of a web search.

LEWIS: And what about the search engines because we were trying this again this morning and if you put in 'EHIC' or 'visa', right at the top pops up unofficial charging websites. Are the search engines doing enough?

SIMPSON: Well a lot of commercial companies can in fact alter these web search results as in they can you know get to the top of them. So we are seeing that people are typing in, like you say, the 'European Health Insurance Card' and the commercial companies are actually coming a lot ahead of the actual government department.

LEWIS: Adrian Simpson from the Trading Standards Institute, thanks. And you can let us know your experiences of paying for things that should be free on our website, bbc.co.uk/moneybox. And, goodness, lots of you are already.

Now if you lose your mobile phone, who pays for the calls the thief makes? Money Box has discovered that if you have a monthly contract, it can be you and the cost can be very high indeed. Money Box's Bob Howard's here. And, Bob, you've been

hearing one listener's terrible experience.

HOWARD: Indeed Paul. Money Box was contacted by Anthea Guthrie, a grandmother who lives in the Vale of Glamorgan and who only uses her mobile phone occasionally. For that reason, when her phone went missing, she didn't notice for several days.

GUTHRIE: We'd gone over to Bristol and we'd gone into a pub, and I believe that probably it went missing during that visit in Bristol. That must have been on the Saturday. I realised it was lost on the Monday. I rang T-Mobile when I did realise and they simply arranged for me to get another phone.

HOWARD: But when T-Mobile texted her estimated monthly bill, instead of her normal charge of about £20, she was told her bill for that month would be almost £1,500. She discovered that numerous calls had been made on her phone to countries like Afghanistan, Pakistan and Iran before she'd realised it had gone.

LEWIS: But, Bob, shouldn't the network have been a bit surprised that a grandmother from Glamorgan was making long phone calls to far flung countries she'd never done before? One call I saw to Afghanistan lasted more than an hour!

HOWARD: I know and there were quite a few calls like that. Anthea certainly felt that some controls should have been in place. After all if your credit card was suddenly being used to make transactions abroad in places you'd never visited, you'd expect your card to be blocked. Anthea couldn't believe that a customer with her profile could possibly end up with such a huge bill, which had grown when other charges were added.

GUTHRIE: You can't be allowed to get into debt like that without agreeing. The phone companies must know that this happens. Why are they not doing more to protect their customers? Surely you don't expect a phone bill ultimately of 1800 quid over three days, do you? It's just not fair and I just don't understand how it can be allowed.

LEWIS: But, Bob, how did T-Mobile then justify insisting she pay this bill?

HOWARD: Well the firm said because the calls were made before the phone was reported lost, it was under no contractual obligation to waive the charges. Anthea refused to pay and so T-Mobile passed the outstanding amount to a debt recovery firm, at which point she contacted Money Box. When we contacted T-Mobile last week to ask how such a huge bill could be run up, it said that whilst it does monitor calls for fraud customer use can vary considerably and it can't suspend an account without good reason.

LEWIS: It's strange though, isn't it, because credit cards have limits? Surely are there no limits on mobile phone accounts?

HOWARD: Well, Paul, the picture's very confused. Anthea says T-Mobile call centre staff told her there was a cap of £550 on her account, which was automatically raised to £1500 as soon as the fraudster reached the original limit. But T-Mobile says the credit limit *wasn't* raised and the limits it gives for each customer aren't actually capped at all. They simply reflect the customer's financial stability rather than limiting how many calls you can make. And of the other phone operators I spoke to only 3 and Virgin said your phone would probably be blocked as a matter of course once your credit limit had been reached. O2, Vodafone and Orange told me they don't operate a system of capping credit limits for their customers at all, although they do employ other anti-fraud measures.

LEWIS: So that means that if you have a mobile phone on a monthly contract with those firms, there might be no limit on liability if you lose your phone and you don't report it at once.

HOWARD: Well that appears to be the case, Paul. Veena Kanda helps administer one of the two ombudsman schemes for mobile customer complaints - known as CISAS. She says the mobile phone industry should do more to alert customers to this potential liability.

KANDA: This is something mobile companies could certainly do - is to give clearer messages about what the cap really means. It doesn't mean that they will cut off calls as soon as you reach that cap, however low or high it is. It's basically a form of credit control for the company. It's not actually a budgeting tool or a security tool for the customer.

HOWARD: Now, Paul, there was finally a happy ending for our listener Anthea. This week when I spoke to T-Mobile, it said it accepted that she hadn't made those foreign calls and so it wouldn't pursue her after all for their cost. But it's unclear whether other customers of T-Mobile or other networks in a similar predicament in future will be charged.

LEWIS: Ah, the Money Box effect. But, Bob, what can people do to protect themselves?

HOWARD: Well the top tips are firstly use the PIN security on your phone, which many of us don't enable. Also you can ask your provider not to allow foreign calls, or opt to pay for pay as you go where any fraudster can only use the credit you've already put on the phone.

LEWIS: Thanks Bob. And mobile phone costs, Broadband, home telephones, digital TV are the topic for Money Box Live, a new subject this Wednesday afternoon here on Radio Four.

The plans by the UK's biggest insurance company Prudential for a £23 billion takeover of the Asian insurer AIA were in confusion again this weekend after Prudential admitted it was back in talks about the deal with AIA's owner American International Group. There's widespread speculation that Prudential is trying to lower the price it pays after fears that the plans might be turned down by shareholders at a special meeting on Monday June 7th. Several large investors have expressed concern. One said it would vote against the deal. Now Prudential need three quarters of those voting to say yes for the deal to go through, so where does that leave 70,000 small shareholders who've been puzzling over the 940 page prospectus to decide whether to

vote yes or no? Well with me is Paul Kavanagh, a partner at stockbrokers and financial advisers Killik and Co. Paul Kavanagh, where is the deal this weekend?

KAVANAGH: Well, as I understand, the deal has to be renegotiated or it will not go through. I think enough shareholders, major shareholders that control 80% of the company have indicated that at 23/24 billion pounds, which will be the total cost of this deal, it is just too high and that needs renegotiating. And the indication is they're trying to get that down to about 20 billion.

LEWIS: Even if they do, they're going to go to shareholders for about £14 billion. That's what the vote's about. So a rights issue, and just explain briefly what a rights issue is and how it works.

KAVANAGH: Well basically it is the company going back to its existing shareholders and saying that we have a proposal here to buy a business. We need more money and we need more money from you. And what they do is they issue new shares to you, make an offer to you of new shares - often at a very large discount. And in this instance it's an extremely large discount to the current share price to tempt you into buying more shares with the Prudential.

LEWIS: So you can buy more shares. If you don't buy them, then you'll have fewer proportionate shares in the company, so your dividends will go down. Or you can sell those rights, can't you? So there's quite a lot shareholders can do if this does go through?

KAVANAGH: That's right. Three options. It is quite complicated, but broadly the three decisions or the decision you have to make out of three options is 1) to retain your existing investment; 2) to increase your existing investment; or 3) to reduce your existing investment. Because if you don't take them up, you will receive a cheque for what they call the nil paid.

LEWIS: Now that's a general thing about rights issues and Prudential isn't the only company asking its shareholders for more money. There's over a million people with

shares in National Grid from when it was privatised and they've been asked for more money. And let me just read you a bit of an email Wyn wrote to us. 'I've got some remnants from various share issues and denationalisations. They've given me various options by June 11th. Frankly I don't understand what I'm being asked and I'm not alone.' I'm sure she's not. What advice can you give?

CAVANAGH: Well certainly National Grid have a huge capital expenditure programme in front of them of £22 billion, and 3 billion of that is being asked to come from shareholders. Now this is a different scenario to the Prudential in that most shareholders I think will support this rights issue. The beauty of a utility company like National Grid is they do pay very good dividends and the promise that the company has made over the next 5 years is that those dividends already starting from a higher base will increase at around 8% per annum. So if you are somebody who sits on a lot of cash looking for more income, then buying more shares in National Grid is quite a sensible option.

LEWIS: Quite a good option. But does it matter how small shareholders vote? I mean with both Prudential and National Grid, small shareholders are a tiny minority, aren't they? People worry over these vast prospectuses, but what one person votes is neither here nor there.

CAVANAGH: No, both decisions will largely be taken by the major institutions who control enough of the shareholding base to vote this deal through or not. But what I will say - and it's the same around elections - if we all took the decision *not* to vote, as I say we're not expressing our voice and we'd like to see more people voting.

LEWIS: The power of democracy. Paul Kavanagh from Killik and co, thanks very much.

And, Bob, dramatic new charges for anyone with a residential mortgage with Nationwide who then decide to let their home out.

HOWARD: Indeed, Paul. They could be in for a bit of a shock. From 1st September

anybody who decides to do this is going to be charged an extra 1.5% on their existing mortgage rate if they let for longer than 6 months. If you're already letting out a property, Nationwide will start charging you once you've been renting it out for 3 or more years. If you're already in that category, from 1st December you'll also have to start paying that extra 1.5%. Nationwide says the change is as a result of the additional risk and cost it incurs when people let out.

LEWIS: Thanks very much, Bob. I know a number of people are annoyed about that and many, many of you are annoyed about these websites charging you. We've had loads of emails. You can add to them on our website, bbc.co.uk. But that, I'm afraid, is it for today. You can find out more from our website, bbc.co.uk/moneybox. All sorts of exciting things to do there - watch videos, sign up to my newsletter, listen again and have your say on those unofficial websites. I'm back on Wednesday, as I said, with Money Box Live - this week taking questions on the costs of telephones, Broadband, digital television at home. I'm back with Money Box next weekend. Today the reporters were Bob Howard and Ben Carter, the producer was Lesley McAlpine, and I'm Paul Lewis.