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MONEY BOX

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LEWIS: Hello. In today's programme, Money Box has learned that one of Britain's web-based retail currency providers is in trouble. People over 60 are the big losers from a £200 million a year cut in the help with mortgage interest given to low income households. Would you use a claims firm to get your tax back for a fee? And relationship problems for the bank that wants to be loved.

WILLS: Overall I was really excited about Metro Bank and have been completely let down.

LEWIS: But first Money Box has learned that one of Britain's web-based retail currency providers is in trouble. We have learned exclusively that Crown Currency Exchange has had its bank account frozen by Barclays to protect its creditors. At this stage, we understand no steps have been taken to put Crown Currency Exchange into administration. Unlike most retail foreign currency dealers, Crown allowed customers to buy their money up to a year in advance. Money Box listener Mark lives in Cumbria. He was waiting for his holiday euros yesterday.

MARK: We're off on holiday to Greece this Thursday and, as we've done several times in the past, we pre-ordered our euros from Crown Currency Exchange. So basically you pay them upfront and we ordered 1400 pounds worth of euros in August. We use them because they offer good exchange rates - when you pre-order, we were getting 1 euro 22 for delivery now. So we were expecting the delivery

yesterday via Royal Mail which didn't arrive. We stayed in all day and checked various websites because we were starting to get a little concerned because they'd never been late before. Nothing arrived this morning either and that's when we began to get really worried. We found one of the forums is now full of messages with other people in our position. Our main concern is that we'll have lost our £1400.

LEWIS: One of many listeners who've contacted us. We couldn't contact Crown Currency Exchange. Its website says it is 'currently experiencing a technical problem with our ordering system. While our engineers are working fixing this, we will be redirecting you to our currency suppliers International Currency Exchange.' Its website says it 'hasn't been formally been notified of any formal insolvency proceedings in relation to CCE, Crown Currency Exchange' and that it has 'not taken any steps to place CCE into any insolvency process.' Barclays has issued a similar statement. The International Currency Exchange website continues to say, 'ICE is a supplier of services to CCE, but does not deal directly with CCE's customers. It is CCE's responsibility to fulfil its contractual obligations to its customers under the contract between them.' Problems seem to have begun yesterday. Many listeners and people contacting bulletin boards on the web have reported currency due to arrive on October 1st hadn't done so. Well live now to talk to Simon Calder, Travel Editor of the Independent. Simon, has this sort of situation arisen before?

CALDER: Not to my knowledge. Of course the whole foreign exchange market has been getting more and more competitive, which is generally a very good thing because of course the worst way to change money (apart possibly from a dark night on a street corner in some far flung city) is to change your money at the airport. You might as well hand out your wallet and say help yourself. And so, therefore, more and more people are doing exactly what Mark had done there with his 1400 euros for a trip to Greece. Ordering them in advance, you then either get them delivered by the Royal Mail or you can pick them up at a bureau and you get a very good rate. I must say my eyebrows were raised when he said he got 1.22. It shows how thin the margins are. And of course, rather like financial derivatives, foreign exchange providers are very exposed. If you happen to be holding a lot of euros and the pound suddenly strengthens, then that's your profit margin wiped out. So very, very tricky.

LEWIS: Yes and of course Crown Currency Exchange, unlike many dealers, allowed you to order up to a year in advance, so somebody - whether it was the customer or the company - were really betting on foreign currency movements.

CALDER: Oh very much so. And you know there are good reasons for doing this, although unless you're an expert then playing the futures market is perhaps never a good idea. I mean it's quite wise if you're going on holiday for instance in the winter and you're going to be needing euros or dollars to maybe get some now just in case the pound suddenly weakens, but of course unless you've actually got those dollars or euros under the mattress then you are potentially exposed. Very, very difficult. I mean I always, when I'm getting my foreign currency, I do everything in cash and I go round various bureau de change in Central London to find the best rate. Obviously if you're out of town, you can't do that. You're more likely to use one of these providers. And then well pity the poor traveller. We've had several high profile tour operator failures this year and now you find that even if your holiday's going, you may not have your euros to spend when you get there.

LEWIS: Yes because of course if you do it as you do, by handing over the cash, you get cash back and you can go and spend it. But of course if you do send people money and then you're waiting and waiting for your cash, there's no guarantee it ever is going to arrive, is there?

CALDER: Well no. I mean there are some very, very good, very reputable providers who have been doing this for years.

LEWIS: Well, as you say, this is the only one we know of that's got into difficulties. And Simon, just briefly what is the best place? If you're not going to trawl round Oxford Street in London, what is the best place to get your currency?

CALDER: Well it's a matter of going up and down the high street. Fortunately people like Thomas Cook are getting more and more competitive. The Post Office is always there. Marks and Spencer's offers good rates. But ultimately you're in a very strong position if you can say I want 1,400 euros, I've got cash now. I'm afraid it is a matter

of just trying to nudge the rate up in your favour.

LEWIS: Simon Calder, I'm sure you always do that. Thanks very much. Travel Editor of the Independent.

More than 200,000 people who get help with their mortgage interest will find the payments cut by 40% this week. It's one of the first welfare cuts announced in the emergency budget in June, which is to come into effect. Until this week, mortgage interest was paid at a flat rate of 6.08%. That's not changed since December 2008. But to save money and bring the rate down to a more realistic level, it's being cut to 3.63 - the average mortgage rate assessed by the Bank of England. Fair enough, you might think, but Roger Harding is Head of Policy at the housing charity Shelter. He told me it would cause difficulties for a lot of people.

HARDING: Well this change for mortgage interest will basically mean that the interest rate at which the payments are made drops quite substantially. Up until October, it was paid out at 6.08%; whereas going forward from October, it will be paid out according to the Bank of England's average mortgage rate which is currently at 3.63%. So what we're going to see here is about a 40% drop in the level of payments that people are going to be getting from support for mortgage interest.

LEWIS: And how much in pounds might that cost people?

HARDING: For someone on a mortgage of £150,000, they would currently receive £760 per month under the current system. But once the changes kick in, that's going to drop to £456 per month, so that's going to leave them with a shortfall from their previous amount of £304 per month. Sadly we will expect arrears to increase and for some people to be repossessed.

LEWIS: I'm sure people listening though will be saying well my mortgage rate is nothing like 6%. Why should people who don't have a job or are lone parents, why should they get this high amount when we all know interest rates have fallen?

HARDING: Well what we'd like to see at Shelter is that the government pays the interest rate that borrowers are actually paying. At the moment it's just set at a universal standard rate. And we're glad that it's been set at the 6% rate, even though that's above the average rate for some time, simply because there are some borrowers who are struggling paying very high interest rates and that ensures that their payments are met.

LEWIS: The other side of that though of course is that some people are paid far too much and they're using the extra money, as I understand it, to repay the capital, which is not something the state should be doing when people can't afford the mortgage they've taken out, is it?

HARDING: It does mean that some people are getting more than they need to cover the interest on their mortgage. And, therefore, that's why we're asking the government to pay the benefit at the rate of interest that people actually pay on their mortgage and make the system a lot more sensitive to individual claimants' needs.

LEWIS: When I suggested to the department earlier that they should pay the actual amount, they said it was just administratively far too complex. They had done that in the past, but they could no longer do it and get it right and make sure people didn't get too much or get too little and maybe have to pay it back.

HARDING: I understand that it would be a slightly more difficult system to administer - but given modern computer systems it doesn't strike me as being that difficult for them to take account of modern interest payments, particularly if they could link up with the mortgage lenders in these instances.

LEWIS: Given that the government wants to save money, they've introduced this new system of a standard flat rate 3.63%, what would you like the government to do?

HARDING: Our ideal policy would be a more sensible long-term safety net, so to continue to progress the work that the government has done on the mortgage market review to make sure that irresponsible lending is minimised in the first place. And

then we would like to see them start a debate about a longer term safety net settlement for homeowners that, for example, could take into account people's individual borrowing circumstances and their individual interest rate in this regard.

LEWIS: Roger Harding from Shelter. Figures from the Department for Work and Pensions show of the 227,000 people who currently get help with their mortgage, most are over 60 on pension credit; about a third are lone parents or disabled; and only about one in six is unemployed or on jobseeker's allowance. The cost of mortgage interest support was £570 million in the last full year. This cut could reduce the annual cost by more than £200 million. Now we had hoped to speak to the Minister for Welfare Reform, Lord Freud, who's responsible for this policy, but he wouldn't do an interview and nor would any other minister. The Council of Mortgage Lenders, which had expressed concerns about the change in June, wouldn't do an interview with us either.

Now, get your tax back. Listeners have contacted Money Box concerned about claims firms setting up in shopping centres and promising help to get tax rebates in exchange of course for a big percentage of any refund obtained. Revenue & Customs estimates there are at least a hundred of these no-win no-fee claims companies offering to get tax back. One firm is charging 25% plus VAT of any refund it succeeds in getting, and other fees for getting copies of paperwork. All of that of course individuals can do for themselves for nothing. Money Box listener Julie from West Midlands was doubtful about what these firms do.

JULIE: A friend of mine works in the shopping centre and she's told me there was a display for Cash4Tax and she said that they're taking 25% of every refund. So I thought they might as well do it themselves rather than get a third party involved in which they take 25%.

LEWIS: So we decided to send reporter Bob Howard to investigate at the shopping centre Julie mentioned.

HOWARD: This is the Maylord Shopping Centre in Hereford. Customers here are

keen (as most people are) to get any money they've overpaid to the taxman back, and a salesperson manning a stall here is promising to help them do it at a certain price. The firm is called Cash4Tax and I'm keen to find out exactly what it's offering. A flyer I've got from the firm talks about an average rebate of £850, which sounds pretty enticing. *(to salesman)* Good afternoon. Are you from Cash4Tax?

SALESMAN: Yes, that's right.

HOWARD: Hello. I'm Bob Howard from the Money Box programme on Radio Four.

SALESMAN: Oh right, how do you do?

HOWARD: I was just interested in your product.

SALESMAN: Right, okay. I'm afraid I do have to just speak to head office.

HOWARD: Could I have a look at a leaflet in the meantime?

SALESMAN: Yeah. That's it, yeah. That's it and you know that's the foundation of it all.

HOWARD: Whilst he was waiting to hear from head office, the salesman was willing to chat a bit about the service he was selling. *(to salesman)* How many people have been interested today and how many people have signed up?

SALESMAN: Well we've had sort of ten inquiries today who will return with the necessary paperwork, which is P60s and P45s, which are necessary to be looked at to see whether there is anything that can be claimed back in the form of tax.

HOWARD: And this £850 figure - 'a third of employees are eligible for a tax refund of up to £850' - where does that £850 come from, do you know?

SALESMAN: Well I mean you know literally overtaxing through changing jobs, unemployment.

HOWARD: And is that figure from HMRC, or was that sort of your own experience of customers, this £850, do you know?

SALESMAN: Well I mean we have seen some very big ones which we're in the process of dealing with where people have been abroad and come back and been put on an emergency tax code.

HOWARD: And this HM Revenue & Customs registered agent, what does that mean?

SALESMAN: Well we have an account manager who looks after our transactions at HMRC, so when we ring the phone is answered straightaway.

HOWARD: Okay, okay. So you're treated differently from a normal customer?

SALESMAN: That's right, yeah.

HOWARD: I mean 25% plus VAT is fairly hefty, isn't it? Are people put off when they hear that, or do they still think that's good value?

SALESMAN: No, no. Well a lot of people haven't got a clue of how to go about it and wouldn't even approach it, and they seem to think if you look on the internet there are people offering to do the same thing for a lot more money than that, you know.

HOWARD: Whilst I was in the shopping centre, I didn't see any customers approach the stand, so I thought I'd ask people if they might be interested in such a service. Most of the people I spoke to were sure they weren't owed any tax, but one shopper thought he might be.

MALE SHOPPER: I'm in the bracket that there could be a mix up - I'm self-employed and employed at the same time - but I'm not entirely sure how to go about finding out if I am owed the tax or not.

HOWARD: These guys would charge you a fee. What sort of fee would you be prepared to pay, do you reckon?

MALE SHOPPER: *(laughs)* I reckon I'd go 5%, 10%. As long as they're earning you more money than you're paying, then it's alright, isn't it?

HOWARD: What about 25% plus VAT of what you actually get back?

MALE SHOPPER: No, I'd be uncomfortable with that. It sounds like an awfully good deal for them, 25%. But then, like you say, 75% of tax owed is a lot better than none. But yeah, I'd rather have a go myself first.

HOWARD: Paul, we asked Cash4Tax for an interview, but nobody was available. I did however talk to Lee Bushell who describes himself as a major shareholder in the firm. I asked him how they calculated the average rebate they obtained was £850. He told me that was no longer accurate and in fact the figure was around half that. He said they would be correcting their promotional literature.

LEWIS: Thanks, Bob. And you can let us know your experience of claiming tax back through one of these companies on our website: bbc.co.uk/moneybox. Live now to Oxford to talk to Jane Shillaker from Tax Aid, a charity which helps some people with their tax claims and indeed charges nothing. Jane Shillaker, is it worth paying one of these no-win no-fee companies to sort out your tax problems?

SHILLAKER: Well I think we are very concerned at Tax Aid that the people on the lowest incomes may feel they have to pay a company in order to get a tax refund. Currently HMRC are in the process of checking 2008-9 and 2009-10 PAYE records and will be sending out to millions of people tax repayments between now and

Christmas that they don't need to do anything to get. We would be concerned that you might be paying for something that you're going to get automatically.

LEWIS: Well yes, there is that danger for recent tax, though of course we don't know that Revenue & Customs are going to get these calculations right either, do we?

SHILLAKER: Well certainly I can understand people might be daunted by checking them through. The key point is to make sure you've kept your paperwork - your P60s, your P45s.

LEWIS: And if you haven't, you can get those from your employer. They will send you a copy. They have to do that, do they?

SHILLAKER: Employers are not obliged to send you a copy of a P60. They can send you a copy of the pay and tax information. It can actually be quite difficult to get it out of employers. I've noticed that these firms will make a small charge for it and it can be a problem if you haven't kept the necessary records.

LEWIS: Tax though can be complicated. I mean I'm sure you understand it and I hope I do mainly. But you can understand most people don't and the attraction of getting someone else to do it - you're getting 70/75% of something - it is better than nothing.

SHILLAKER: I think you've got to look to your individual situation. I was quite concerned to hear in the recording from Hereford a gentleman who was both self-employed and employed He should be registering under the self-assessment system. It's not a question of getting a tax repayment through PAYE. In that case, you might want to approach an accountant or tax adviser to help with your self-assessment return.

LEWIS: But of course that is going to cost you, isn't it, because they will charge a fee whatever they get for you?

SHILLAKER: Yes, but I think you'd need to be clear whether these individual firms can also offer the correct self-assessment service and are fully qualified to cover every aspect of self-assessment. If you are self-employed, you do need to go down the route of being clear how self-assessment works.

LEWIS: To what extent do you think the Revenue has brought this problem on itself? It took the wrong tax off nearly 6 million people in the last few years and admitted to me just yesterday that PAYE doesn't deal well with people who change jobs, have more than one job, maybe a job and a pension. So it's its own fault in a way, isn't it?

SHILLAKER: I think certainly it's because of those problems that the market's been created for these kind of firms, but the Revenue's new computer system is attempting to put that right. And if I could say one thing. Should you receive a tax repayment in the next few months for 2008-9 and 2009-10, check it carefully and think whether the same situation might have applied to you for the earlier years and alert Revenue & Customs.

LEWIS: So you can write yourself and they will do the arithmetic and you can get your money back for nothing?

SHILLAKER: Absolutely.

LEWIS: And of course there are two charities that help people on lower incomes, aren't there?

SHILLAKER: That's right. At Tax Aid, we help people on very low incomes or on benefits looking at about a £16000 threshold. There is also Tax Help for Older People, which helps again with an income threshold - pensioners and other retired people.

LEWIS: And there are links to those on our website. Jane Shillaker from Tax Aid, thanks. Links to those websites on ours: bbc.co.uk/moneybox. And let us know your experience of getting tax back through one of these companies, as I said.

Now in July Money Box reported on the opening of the first branch of Metro Bank. A “new force in high street banking”, they said. Its advertising promised customers “unparalleled” levels of service. But just 3 months in, one of their newest account holders, Shelley Wills, has told Money Box that had not been her experience. Shelley opened an account with Metro Bank in July, attracted by the offer of no transaction or commission charges when she used her Mastercard abroad. Staff at her branch in Central London told her there’d be no problem using it when she went on holiday to America, but when she arrived she found shops wouldn’t accept her Metro Bank Mastercard and she could only withdraw \$140 a day from a cash machine, which wasn’t enough.

WILLS: I contacted the bank by using their international phone number, but couldn’t connect, so I attempted to contact them using their online form on their website. I received a response really quickly, which I was pleased about, but the response didn’t really have much helpful information. So I sent a further message asking when the problem might be resolved and did not receive any further communication for the last eight days of my trip. The problem was not resolved while I was there. And when I arrived home, I contacted the bank using their online form and sort of sent a full complaint. I didn’t receive a response. Overall I was really excited about Metro Bank and have been completely let down.

LEWIS: Well one unhappy customer of Metro Bank. Its Chief Executive Craig Donaldson is with me. Craig, your website promises you’ll “surprise” and “delight” your customers. You certainly surprised Shelley. You didn’t delight her though, did you?

DONALDSON: I deeply regret the experience Shelley had and I actually thank her for raising it with us. I personally see every complaint that’s raised and that’s why I’m here today - to make people aware we do take them seriously. And I would like to say we’ve had thousands and thousands of customers join us who’ve had very good experience.

LEWIS: But she couldn’t get through on the international number; the response

didn't tell her anything useful; didn't get back to her for 8 days. She didn't get any response that she found helpful till she contacted us. I mean you're supposed to be new. We have these complaints about all your big competitors a lot of the time. You're supposed to be offering something different.

DONALDSON: Paul, I deeply regret certain things that happened there. We've checked, we've reviewed everything that went on with Shelley, and I can tell you that we've made some changes to our business processes to ensure it doesn't happen again.

LEWIS: Okay, that's customer service. You can sort that out, we hope. But what about using the card abroad because that was what she wanted? And I must say you're one of the few now that is free abroad. It's a big attraction for your bank. Why wasn't her card accepted?

DONALDSON: In a small number of cases, local retailers haven't downloaded the most up to date BINs from Mastercard, and BINs are how the card ...

LEWIS: What's a BIN?

DONALDSON: That's how the card and Mastercard speak ...

LEWIS: Where you put the customer letters, is it? *(laughs)*

DONALDSON: Now, now. That's how they speak. Where we find out about this, we work with Mastercard and Mastercard speak to the retailers to ensure they get the latest update. Our cards are being used all over the world - Italy, Spain, Brazil, Australia - and they're working; but where we find out they're not, in a very small isolated number of cases, we get onto it straightaway.

LEWIS: So this is because it's a new bank and this BIN, this bank identity number, I presume it stands for, is not being downloaded. So what's going to happen now? I

mean you have had other complaints. Indeed the letter that was sent to Shelley made it clear you had had other complaints. It said ‘we’ve had a number of issues with Mastercard debit cards in the States as these are a new type of card.’

DONALDSON: We’ve had a really small number of issues and we get onto them straightaway. Mastercard have been fantastic in contacting the retailers to make sure they download everything. You know I can promise you and I guarantee customers, if they have an issue we take it seriously. And that’s why I’m here today, because I see every complaint and I make sure that they’re resolved.

LEWIS: Well it is good to have a chief executive on here. It’s often very hard to get chief executives of banks on Money Box, as I’m sure you’ve heard in the past. But you’ve come here; you’re dealing with Shelley’s case. You’ve only got three branches, haven’t you? When you’ve got a dozen or a hundred or a thousand, you’re not going to be able to personally intervene in individual cases.

DONALDSON: I review every complaint, as does my management team. We’ll continue to make sure senior management review every complaint. That’s how we ensure we learn and we give great customer service. And you know customers tell us what they want, so we learn from that and we make sure we give them what they want. That’s what we’re here for: unparalleled service and convenience.

LEWIS: Well yes, I know that’s your slogan and that’s why we’re raising this with you. And I must say looking at the message Shelley got the other day from one of your customer service people, there were about five spelling mistakes. They couldn’t even spell Mastercard, never mind relevant. I mean that’s not good service either, is it?

DONALDSON: I think it’s fair to say we reviewed the process. Spell Check will be used going forward, Paul. But the point is it was great that Shelley raised it with us. We want customers to tell us when things don’t work because that’s how we get onto them to put them right.

LEWIS: Okay, Craig Donaldson thanks very much for coming to talk to us about that and let's hope things do get better. And now Bob Howard's here. And, Bob, you've been looking at some of the emails we've been getting about these currency exchange problems.

HOWARD: That's right, Paul, and a lot of anger coming through. David from Bournemouth says, 'My holiday plans are in shreds. I can see there are many hundreds of folk who are waking up to the same realisation.' And another listener in Gloucester says, 'I'm now £900 out of pocket. The companies are silent. The FSA says report it to the police. I paid via bank transfer and the bank says it's unlikely I'll get my money back.'

LEWIS: Yes, that is a problem, isn't it, with all these people contacting us. Well thanks very much for your emails - keep them coming, we always read them - and any other problems that you find. But that is just about it for today. You can find out more from our website: bbc.co.uk/moneybox. You can do all sorts of exciting things there: sign up to my weekly newsletter, download a podcast, listen again to the items on the programme, and have your say on those tax back companies that charge you a percentage of what they recover. Some of you already are. Different experiences, I think, and some even higher charges than we heard of. And you can also let us know about currency exchange problems. Tax is the topic this week for Money Box Live on Wednesday with Vincent Duggleby. You can send questions on tax and self-assessment through that website now. I'm back with Money Box next weekend. Today the reporter was Bob Howard, producer Lesley McAlpine. I'm Paul Lewis.