

Watchdog

FACTSHEET

FINANCIAL ADVICE

Personal finances

First and foremost think: "Can I really afford it?" and "Do I need it?"

Most of our impulse buys end up being the ones that topple a budget at the end of the month. If you can't afford it – simply don't buy it. If it's something you're desperate to have - then plan ahead, put a little money aside each month and budget for it.

Become a savvy shopper

The retailers are struggling at the moment but that's led to there being some great discounts for you on the high street. Look out for vouchers online, in the paper and also buy-one-get-one-free offers - but make sure it's something you really need first!

Get your bank statements out

You need to see where your money is going every month. You may find that there are some old subscriptions or direct debits that you simply don't need any more. Also, payments such as for your mobile phone, broadband service, insurance and utilities need to be regularly monitored to make sure you are getting the best deal out there. The market changes fast so make sure you're on the ball with what your company, and others, are offering at the moment. There are plenty of websites out there that can help you to gather information on the most up-to-date deals so it's worth checking online regularly (your local library may have free web services if you don't have home internet).

There is **plenty to be saved with gas and electricity** in particular. If you're paying quarterly you may find that switching to direct debit payments saves you money per month. You may also want to check out one of the online tariffs as they tend to be the cheapest. It's possible to save £300 a year this way!

Consider how you spend money on a day to day

basis. This includes simple purchases such as a coffee on the way to work. Do you need it or could you simply wait till you get to the office or perhaps even grab one at home? Cutting back on un-necessary spending can easily lead to having a hundred pounds extra at the end of the month.

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Mortgages

Overpay, overpay, overpay! By maintaining your payments you could save tens of thousands on interest over the term of the mortgage. However, you MUST check that you won't suffer any penalty as a result of overpaying.

Start shopping around for your mortgage early. You can secure a deal as much as 6 months in advance. This should help sidestep any issues around your equity disappearing as house prices continue to fall.

Check what your existing lender will offer you but always shop around.

If your mortgage payments become difficult get in touch with your mortgage lender at earliest opportunity, it is always good to communicate with your lender as they may be able to offer a solution.

Don't be drawn in just by a low rate. These days mortgage products can come with fees that amount to thousand's of pounds. People with smaller mortgages may want to consider going for a deal with a higher interest rate and a lower fee, as it could cost less overall.

Savings and investments

It is important to always **keep a good 'cash cushion'**. This is an **emergency fund** that you keep in an instant access bank or building society account so if you ever need money you can get it straight away. Experts recommend that you keep 6 to 12 months worth of expenditure in that account.

When investing in shares, think about buying unit trust so that your investment is spread over several different markets and funds. The same applies for fixed interest funds, such as corporate bond funds. Purchasing in this fashion spreads the investment and also the risk (for more information on what Unit Trusts are, visit the Direct Gov website at www.direct.gov.uk).

Spread your investments - don't put all eggs in one basket. If you decide to invest in cash at any point then it's recommended to only put £50,000 in any one account. This is because the government will protect up to £50k but not beyond.

Make your investments work hard for you by paying lower charges and paying less tax. Choose investments where you will get the best performance and interest rates.

Think about why you are investing, set yourself goals. For example, perhaps you want to invest for extra income or maybe it's capital growth you are after? Maybe it is growth now and income later? These targets will help you decide which investments to go for.

Once you've invested don't check up on it too often – people can become caught up in the constant changes in the market – remember investments are often **long term** and the minimum most people should be looking to invest, particularly for shares, is around 5 years (though this entirely depends on the individual situation).

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Debt

Create a budget for your household showing all income and expenditure, including any benefits you receive. If this shows you have more money going out than coming in you need to acknowledge the problem and do something about it. **Do not bury your head in the sand!**

- Ⓜ If you are struggling to pay your debts **talk to your creditors at the earliest opportunity**. They are prepared to listen and can often agree to accept reduced payments, though this is entirely at their discretion.
- Ⓜ If you cannot agree an affordable amount to pay back directly with your creditors then get in touch with your local Citizens Advice Bureau (CAB), National Debtline or the Consumer Credit Counselling Service (CCCS) for free debt advice.
- Ⓜ With credit cards do not get into the habit of making minimum payments. This will mean it will take longer to repay the debt and you will pay more interest. Always try and overpay if you can afford to.
- Ⓜ Do not be tempted to consolidate your debts as this will often result in a loan being secured against your property. In any case your monthly payments may be smaller but you will pay back much more money over a longer period of time.

CONSUMER ADVICE

Illegal Clamping

Many motorists are finding themselves at the mercy of illegal operators. **Legal firms have to be licensed** which means their clampers must undergo a criminal records check and be properly trained. The industry is regulated by the Security Industry Authority (SIA) and they have the sole responsibility of issuing the licenses.

The guidelines say that:

- Sites where clampers operate should have notices, making it clear that parking is restricted and there is a risk of clamping.
- A 'reasonable' charge can be made for the release fee, although 'reasonable' is not quantified.
- Sufficient details should be left to enable the driver to contact the company effectively.
- Once payment has been made the vehicle should be released immediately.
- The persons clamping, blocking in or towing the vehicle away must be licensed by the SIA and they must **display** their licence details on their person
- A vehicle displaying a valid disabled badge should not be clamped, blocked in or towed away.

If you suspect an illegal clamping should contact the local police

With advice from your local Trading Standards Department or Citizens Advice Bureau, **it is even possible that you can take the matter to the County Court.**

Gather as much evidence as you can:

- Take photographs of the site, including any signs that are displayed – this may help if you make a claim
- Draw a plan of the area showing the position of any signs and where your vehicle was parked
- Try to get the support of any witnesses
- Make a note of any conversations that you had with the clammer
- And don't interfere with the clamp in any way as you may be committing an offence.

You can check whether or not the car clammer holds a licence by contacting the Security Industries Authority on 08702 430100 or visiting their website at www.the-sia.org.uk

More information is available by contacting Birmingham Trading Standards by telephone on 0121 303 6031, by e-mail at tradingstandards@birmingham.gov.uk. Also, you can contact the small claims section of Birmingham County Court, small claims section on 0121 681 4441.

Loan sharks

People who are refused credit from banks and credit cards often find themselves with nowhere to turn. Rogue lenders or loan sharks can be tempting but this is highly risky, if not dangerous. They frequently extort huge sums of money, even when the victim has paid their debt off several times over.

The best advice for dealing with loan sharks is 'don't'. A loan shark is an unlicensed moneylender. Licensed moneylenders are regulated by the Office of Fair Trading (OFT) and must follow a code of practice.

How to find out if a lender is registered?

The Consumer Credit Public Register lists everyone with an OFT licence as well as everyone who has applied for one or has had one taken away or suspended.

To search the public register, telephone 020 7211 8608 between 9.30am and 4pm Monday to Friday.

What to do if you have borrowed from a loan shark

If you have borrowed money from a loan shark you are under no legal obligation to repay the debt. You should contact your local Trading Standards office immediately. Call the national hotline for confidential advice on 0300 555 2222 or visit our website on www.direct.gov.uk/stoploansharks.

The Birmingham team has helped more than 6,000 victims in the last five years, written off £7million of illegal debt and secured more than 40 years' prison sentences.

Counterfeiting

Why should you avoid buying fakes?

There are lots of reasons – and some that you may not have considered before:

- The goods may be dangerous.
- A lot of fake goods fund drug dealers and other organised crime - even terrorism.
- You may be putting local people out of jobs because genuine manufacturers can't compete with the criminals making and selling fakes.
- If you buy fake goods and they don't live up to your expectations, you won't get any after sales service or guarantees.

What can you do?

If you want to know more about fake goods, or if you think somebody is selling fake goods, please **call Consumer Direct on 08454 04 05 06.**

The Alliance Against Counterfeiting & Piracy (AACP) is a coalition of British trade associations and industry enforcement organisations with an interest in preventing counterfeiting and piracy in the UK. It aims to help legitimate business flourish so that consumers are not put at risk by exposure to substandard and potentially dangerous merchandise.

Cutting your water bill

You may be able to save money on their water bills by having a **water meter** fitted. There's a calculator to help you work out how much you would pay on the Consumer Council for Water's website to help. www.ccwater.org.uk

Around a quarter of a household's energy bill comes from heating water, for example, in baths or showers, or for washing clothes or dishes. If you reduce water wastage, you should also see a reduction in your energy bills.

Are you struggling to pay your bills?

If you're worried about paying your bills, don't hesitate to contact your local water company. Water companies may be able to offer more flexible payment options and many companies have set up trust funds, charities or other schemes which might help eligible customers clear some outstanding debt.

The WaterSure scheme

If you've got a meter and three children under 18, or a medical condition that means you need to use more water, you may be eligible for help under the WaterSure scheme. WaterSure caps a household's water bill at the average rate for their area so vulnerable households can use the water they need without having to worry about a high bill.

Water Direct

Water Direct may be available to customers in debt who are also in receipt of income related benefits. The payments can be taken directly from benefits and paid to the water company. Current charges are paid, together with a contribution towards the debt. The advantage of this method is that the payments are made automatically, helping customers to manage their finances and budget effectively.

Beware of bogus callers

- Around 35 bogus caller crimes happen every day
- Roughly half of the impostors state some connection with 'the Water Board.'

You may feel safer with more protection against bogus callers by registering a password with the water company. All water companies have password schemes in which you can choose a password. Some companies' password schemes have provisions for deaf and blind customers.

Dealing with bogus callers

- If someone unexpectedly comes knocking, firstly make sure all outer doors are locked.
- Always put the door chain on and look out of the window or spy hole to see who is calling before opening the door.
- Ensure that you check identification - do not be afraid to phone the company or organisation the caller says they are from to check their validity
- Obtaining the number from a separate source, rather than taking it from the ID card.

For more information, get in touch with the Consumer Council for Water on

- Tel: 0845 039 2837 or 0121 345 1000
- If you are hard of hearing you can contact them by minicom on 0121 345 1044
- E-mail: enquiries@ccwater.org.uk

Scams

About three million people in the UK fall victim to scams sent by post, email, text, the phone and internet with **each person losing an average of £850**.

There are scams out there for everyone. Scammers are becoming more sophisticated and aim to con us all. You should be very careful of the following:

- Letters predicting the future
- Pyramid selling and free gift schemes
- Lotteries, sweepstakes and competitions
- Foreign money offers and advance fee scams
- Work-from-home opportunities
- Online dating – a dream partner from overseas
- Golden investment opportunities
- Miracle health cures

Although people from all age groups can become victims, older people are the most likely to be targeted and lose the most money.

Scams can have a devastating effect on people's lives with many repeat victims losing their life savings and suffering ill health. The knock-on effects can also have a profound impact on victims' families.

Someone regularly falling for mass market scams may:

- receive a lot of junk mail
- have a house full of cheap-looking goods such as jewellery and health products
- receive regular phone calls from strangers
- become secretive when discussing finances with family and friends

Scammers are becoming increasingly clever and sophisticated and it's all too easy to get taken in. If you think a friend or relative may be falling victim, ask questions, offer reassurance and advice, but try not to criticise as this may do more harm than good.

Information on the most common scams and advice on how to avoid them is available on the **Consumer Direct** website at www.consumerdirect.gov.uk or by calling **08454 04 05 06**.

Useful links and numbers

Consumer Direct

08454 04 05 06

www.consumerdirect.gov.uk

Birmingham Trading Standards

0121 303 6031

www.birmingham.gov.uk/tradingstandards.bcc

Consumer Council For Water

0845 039 28 37

www.ccwater.org.uk

Citizens' Advice Bureau

08444 07 10 10

0121 683 6900 (Birmingham City Centre branch)

www.citizensadvice.org.uk

Managing Money

http://news.bbc.co.uk/1/hi/business/your_money/default.stm

<http://www.direct.gov.uk/en/MoneyTaxAndBenefits/ManagingMoney/index.htm>

Mortgages

http://news.bbc.co.uk/1/hi/in_depth/business/mortgages/

<http://www.direct.gov.uk/en/MoneyTaxAndBenefits/ManagingMoney/Mortgages/index.htm>

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