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MONEY BOX

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TRANSMISSION: 5th FEBRUARY 2011 12.00-12.30 RADIO 4

LEWIS: Hello. In today's programme, the service that 'reunites' you with missing shares but charges hundreds of pounds for a service you could get for well under £100. Credit card interest rates reach a 13 year high. Why when base rates are stuck at a record low? Bob Howard's been looking at the teenage tachograph. Bob?

HOWARD: Is a spy in the car the answer to soaring insurance premiums?

TOM: I'm young. I'm 17, I'm a male, so I'm stereotyped as going to be a bad driver.

LEWIS: Women in their mid-50s are told they must wait up to 2 years longer to get their state pension. The minister will respond to their angry emails.

But, first, a company which tracks people down to 'reunite' them with lost investments is charging several hundred pounds for a service which can be bought for well under £100. ProSearch actively seeks out shareholders whose dividend cheques have been returned unpaid - often when someone's moved without telling the share registrar. It then offers to reunite people with their shares and dividends. Money Box listener Kaya Edwards was contacted by ProSearch about dividends on some Centrica shares she owned. She paid what it asked. But when ProSearch contacted her again about dividends and shares in another company, BG Group, she didn't want to pay the fees once more. So she called the BG share registrar Equiniti, which also owns

ProSearch.

EDWARDS: I rang up and asked them if now I was aware of those unclaimed dividends, whether they could just send me the money - whether I could somehow be given the money without going through ProSearch; whether I could just say I have these shares, I have the share certificate, please can you give me the unclaimed dividends? But they said no, it's in the hands of ProSearch now, so you can only get hold of those unclaimed dividends by going through ProSearch.

LEWIS: Well after that, Kaya felt she had no choice. ProSearch told her she'd be charged about £30, but she told me it ended up much higher.

EDWARDS: I had 306 pounds worth of unclaimed dividends. They actually charged me £406.69.

LEWIS: So they charged you more than the dividends?

EDWARDS: Yes.

LEWIS: How did they get the extra money then?

EDWARDS: They sold eight of my shares.

LEWIS: So to pay the bill for reuniting you with your dividends, they sold some of your shares?

EDWARDS: Yes, that's right.

LEWIS: Kaya complained and did get her fee back. ProSearch, who refused to do an interview, said the refund was a "goodwill gesture" and Kaya had been dealt with in the "correct manner". Well Ruth Alexander's been looking into the company and how it operates. Ruth, first of all, what does ProSearch charge?

ALEXANDER: The normal charge is 12.5% of the total value of the shares and dividends it's found you have. Kaya got a special deal: only 8%.

LEWIS: But even that deal meant ProSearch had to sell shares to pay the fee. A strange way, Ruth, of reuniting someone with their own property. What does ProSearch do for this charge?

ALEXANDER: Well it finds shareholders companies have lost track of; contacts them by mail, confirms their identity, and operates a free helpline for example. But the charges don't stop at the 12.5% administration fee. There's also another 2% - again of the whole value of the assets it's found for you - if you've lost your share certificate, and that's insurance to protect the company in case the person it finds is not the right one. And that comes to 14.5%. And then VAT is added to all that, raising the grand total of the charges you pay to 17.4% of your assets.

LEWIS: And once ProSearch has contacted you to let you know you've got shares and dividends, as it did with Kaya, do you have to take up its service?

ALEXANDER: No you don't, despite what Kaya says she was told. Once you know you have the shares, you can go direct to the share registrar. That service is far cheaper. For example, the registrar Equiniti, which owns ProSearch, charges a flat fee of £40 and the indemnity fee is on a sliding scale which would have been cheaper. Altogether Kaya would have paid about £75 instead of the £400 ProSearch charged.

LEWIS: Now ProSearch insisted to me, Ruth, that it did make it clear that there were other ways to get your shares, and eventually it sent me a copy of the letter it sends to potential customers. But, Ruth, you've been trying to find the sentence that says you don't have to use its service.

ALEXANDER: Yes. It's a four page letter, and at the bottom of page 2, the final Q&A says 'This service is designed to be an easy, trouble free way of claiming your dividends and shares. However it is entirely voluntary.' And, Paul, those final four

words - 'it is entirely voluntary' - is the only indication in the four pages that maybe, just maybe there is another way.

LEWIS: And a cheaper way. So if you get a letter from ProSearch or another tracing company, remember you don't have to pay their fees. You can do it yourself and usually much more cheaply. But, Ruth, what if you aren't contacted, but in your mind somewhere there's a vague feeling that you might once have had a few shares from maybe a privatisation or a demutualization. How do you go about finding out?

ALEXANDER: Well you can go to the Unclaimed Assets Register run by Experian. It'll look to see if you've got any assets you didn't know about and give you the details, so you can take the matter up directly with the asset provider. You either fill in a form on its website or get them to send you a form to fill in. Here's James Jones from the company on how it works.

JONES: You'll simply need to enter your name, your address history, perhaps your date of birth, pay the one-off fee, and then we can go away and have a look to see if we can find any assets for you. The fee to use the Unclaimed Assets Register service is £25, and that includes VAT.

ALEXANDER: He says about 600 people a month carry out a search on its website and the average value of recovered assets is £6,000.

LEWIS: Thanks very much for that, Ruth.

Now figures out this week show that new credit card customers are paying an average interest rate of 18.9%. That's a 13 year high. The rising rates come despite the fact that banks have been benefiting from a base rate of 0.5% for almost 2 years. The low base rate has resulted in poor returns for savers, but, as our reporter Ben Carter's discovered, the banks say that the base rate plays no part in that cost of credit. Ben?

CARTER: That's right, Paul. I contacted high street banks this week to ask them why

card rates were continuing to rise. All the banks cited the level of risk a customer poses: rising unemployment, personal insolvencies and bad debts are all seen as contributing factors. But the banks also referred to the new regulations that make them hold more capital - money that in the end has to come from customers.

LEWIS: Well thanks, Ben. Andrew Tyrie MP is Chairman of the Treasury Select Committee and he's soon to publish a report on banking competition. Did he think credit card rates were too high?

TYRIE: It worries me quite a bit, of course. Banks are widening their spread to strengthen their balance sheets - so in other words, saying the same thing, is they're making profits in order to make themselves stronger institutions. But of course meanwhile the customer's paying for that.

LEWIS: Some people do say that it is the government's fault. Because there are tighter regulatory requirements, banks need to keep more capital, so they have to make more money from their customers to boost that capital.

TYRIE: Yes. Well I wouldn't call it the government's fault. It's quite right that regulators should be making sure banks are safer than they were before. We've just bailed them out. What we've got to make sure is that consumers get a good deal, and I'm not sure in the long-run consumers will get a good deal unless we get more competition into this market.

LEWIS: Andrew Tyrie. And, Ben, you also spoke to the UK Cards Association. What did it say?

CARTER: Well they say that feedback from their members suggests that they are typically operating on margins of 1.5 to 3%. They also say that even when interest rates are low, the costs of fraud and bad debt and the cost of operating an unsecured open-ended line of credit continue, so standard credit card rates may not come down. And they also point out that 61% of people pay off their credit card in full every

month, so they are not actually paying anything.

LEWIS: Thanks, Ben. Well live now to West London to talk to Peter Hahn, a banking specialist at Cass Business School. Peter Hahn, it does seem a huge margin between the cost of money to the banks and the cost of lending it onto us. Do the banks' expenses fill that 18% gap?

HAHN: They do. Well first we have to go back and Ben's comment that not everybody actually borrows the money - you use your credit card probably like most people, you pay it off at the end of the month. In fact that gives you free credit for a long time. But to run a credit card business, it literally costs the bank easily 3% to 6% just to operate it and administer it - you're paying down, borrowing money all the time. If then banks have losses - as Ben also said, losses have been higher through the recession years, but it also doesn't look very promising. Think of all those people who a hospital in London said yesterday it was going to lay off. If you were a bank, you probably thought people who worked in the NHS were very stable careers, they weren't very risky. All of a sudden now all those people have more risk.

LEWIS: Yes, I can see that, but it still seems a long way from coming up to 18%, which is the gap. How much do they spend on boosting capital, for example, which we've heard is a big thing they have to do now?

HAHN: Well capital costs ... It's hard to say for the specific bank, but capital ... I would look at the costs this way. I think it's easier. It's easily 3 to 6% to run a credit card business. Then you've got another 2 or 3, 4% of losses - the people who don't pay on their credit cards. Okay the interest rate, yes the base rate is a half percent, but they're not paying a half percent. They actually have to pay in the market for interest rates, and I get you know 3 and 4% on a 2 year deposit. You start adding all that up, and it definitely comes into the teens.

LEWIS: And presumably there is an extra cost because 61% of us pay them off in full, so all these costs fall on the other 39%?

HAHN: That's true. And I mean I think for a long time banks have never recommended that you should borrow using your credit card. Credit cards should be used as a convenience. But you can borrow money at a much lower rate against your house, your car.

LEWIS: Peter Hahn of Cass Business School, thanks very much for that.

Now there's growing anger over proposals to make half a million women work more than an extra year before they can claim their state pension. Money Box has been receiving dozens of emails from women born in the mid-1950s who say they face hardship as a result of this recent upheaval to their finances. The government announced in October that it was bringing forward plans to equalise state pension age for men and women by 2 years, and then follow that by increasing state pension age from 65 to 66 by 2020. The detailed timetable was only recently published and it surprised many women. Money Box's Ruth Alexander again has been reading emails. Ruth?

ALEXANDER: Yes, the women affected are in their mid-50s. Diane in Swindon emailed to say that she recognised the sound fairness logic behind the gradual increase to 65 and had readjusted herself to being able to retire at 63 years 11 months. But she's not happy now that her retirement could be put back another 2 years. 'As a part-time worker', she says, 'I have little or no hope of making alternative arrangements in the relatively short time available'. Sally in Hampshire says, 'With only 8 years notice, my state pension is being delayed by 20 months, a loss of around £15,000. Trying to accommodate such a massive change in the rules at such short notice is totally unrealistic.' And Susan in London would have to wait an extra year and a half before she could retire. 'How will I live if I can't keep my job?', she says. Anna calculates the delay in retirement age will cost her £10,000. She lost her job 2 years ago and hasn't been able to find another one since. She planned to sell her home to cover her costs until she got her state pension, but now she says, 'If the changes are confirmed, I will not be able to afford even this option. My future is very uncertain.'

LEWIS: Well thanks, Ruth. Those are the views of just some of the hundreds of

thousands of women who will be affected by these proposals. Worst affected are women born in March and April 1954. Rachel Reeves, Labour's Shadow Pensions Minister, is particularly concerned about their plight.

REEVES: These women are 56 at the moment, turning 57 in the spring of this year, so they only have 7 years to prepare for these changes. And a lot of these women have already started working part-time, perhaps to care for elderly parents or for grandchildren. Many of them have very meagre pension savings. A lot of them, remember, were excluded from saving for occupational pension schemes before it was required that occupational pensions had to allow part-time workers to be able to contribute. So these women have low pension savings and they're going to find it extremely difficult to cope with these changes.

LEWIS: If you're losing 2 years in some cases or 18 months in others, a year in other cases, how much actual money are they losing in terms of the pension they won't get?

REEVES: If you're on basic state pension, you'll be losing about £5,000 a year. But the poorest women pensioners will lose out on about £7,000 a year because they're also entitled to the full pension credit of almost £135 a week. So a woman who misses out on 2 years will lose £10,000 if they're on basic state pension, but almost £15,000 if they're entitled to the full pension credit.

LEWIS: I can just hear though all our male listeners saying, "But it's not just women, is it?" The rise in men's pension age is also being accelerated to 66.

REEVES: That's right and these changes will affect 4.9 million people. The majority of the people affected are women, but men will also be affected. No men will be affected by more than a year, but 1.8 million men will have to work for exactly a year longer. So these changes do affect men and women; but the people who have to work for more than a year longer, that's exclusively women.

LEWIS: Some people might think though that women have had a big advantage for

many years before this equalisation. Not only have they got their pension earlier, but of course women live longer than men, so they get their pension for longer. In a sense this is just making things more equal, isn't it? It's not particularly targeted at damaging women. It's just making things more equal and more fair.

REEVES: Everybody agrees that the state pension age needs to be equalised, and by 2020 under Labour's plans in the previous legislation they would have been equalised. The issue really is about the speed of these changes and whether it gives people the time they need to plan. Everybody always says people need to save for their retirement, they need to do good financial planning, but it's very difficult to do good financial planning if the goalposts keep moving. And to ask anybody to work for an extra 2 years with only 7 years notice is going to be extremely difficult.

LEWIS: Shadow Pensions Minister Rachel Reeves. Well listening to that in his constituency is the Pensions Minister Steve Webb. Steve Webb, too big a change, too short notice is the accusation. How do you respond?

WEBB: I don't dispute for a minute that there will be a significant impact on some people. Just to put it in context, the reason that we're doing this is that even since the last pension age was set, we've got new evidence that people are living still longer than we thought; and in a pension system where there is no money put by to pay for those pensions, the question is who pays for those extra pensions? And the idea of moving more rapidly is to spread that cost between retired people who will be living longer than we thought and the working population whose national insurance goes up to pay for it.

LEWIS: Yes, you will be saving £30 billion over 10 years. You're saying that's not you saving it; it's people in work?

WEBB: Well indeed. The pensions of today's pensioners are paid for by the national insurance of today's workers. So when the costs rise, because of longer working lives - you know we know that one in six of us is going to live to 100 now - and so we

simply can't delay and delay. It's just been suggested we wait till 2020. That would lose us £10 billion, and you know with a national debt over a trillion something has to give somewhere.

LEWIS: Yeah, but hang on, you can't say that's going on the national debt but in fact this is being paid by people in work, so it's actually people in work who'd have to pay it. Seven years notice though for a 2 year extension is very hard. You heard those emails: short notice, totally unrealistic, how will I live, my future's uncertain, no hope of making alternative arrangements. These are heartfelt pleas from many, many thousands of women.

WEBB: They are. I think one of the important things to remember is that working age benefits will still be available, so if somebody is close to the new pension age but hasn't reached it and if they are for example unable to work through sickness, they will still be able to claim ESA, employment support allowance.

LEWIS: Sure, but they're a lot lower than the benefits you get as someone over pension age.

WEBB: Well something like ESA, it is lower than the pension ...

LEWIS: About half.

WEBB: It's not half, it's more than that. But one of the points is you know there's no sense of people being left destitute. There's jobseeker's allowance, ESA. That will be part of what's available. I think the other thing to say as well is that overwhelmingly the impact is less than these extreme cases. It's just over 1% of women who'll be affected by this 2 year change.

LEWIS: Sure. Yes, it's 33,000, but I think half million it'll be more than a year. Very briefly, Steve, this is going through parliament. The Lords are debating it first, then it'll come to the Commons. In a word, any chance of concessions for these women

who are hit the hardest?

WEBB: We're always willing to listen. As bills go through parliament, that's the point of debate. But the fundamental point is that we have to move faster, people are living longer, and we need these billions of pounds to come from somewhere.

LEWIS: Steve Webb, thanks. And there is a new table on our website showing the delay by your date of birth from 1953 to 59: bbc.co.uk/moneybox.

The cost of car insurance rose by a third in 2010 on the latest figures from the AA and by 58% for those under 22, so insurers are reviving the idea of cheaper premiums if you let them monitor your driving habits. In the past they've tried monitoring where and when you drive, but the latest technology can also assess how well you drive. Bob Howard's been out with one young driver.

TOM: My name's Tom. I'm 18. I'm a student. Insurance has always been particularly our problem.

HOWARD: Tom from Romford, like many teenage car drivers, was desperate to take to the road after passing his test at 17. His insurance was always going to cost him thousands of pounds, but by agreeing to be monitored and limit his mileage, he says he's made significant savings.

TOM: The cheapest quote I could find was around about £4,500. I'm young, I'm 17, I'm a male, so I'm stereotyped as going to be a bad driver. My insurance quote for this car, which is a 1.3 Fiesta, is £3,100. So it's still a lot of money.

HOWARD: It is still a lot of money though, isn't it?

TOM: Oh definitely. In an ideal world, I would have waited a bit longer, but I'm a real enthusiast for cars. I mean I love cars. Always have done.

HOWARD: Tom's £3,100 - around four times the average car insurance premium - buys him just 6,000 miles of driving. Hidden below his dashboard is a small box the size of a mobile phone fitted by his insurer, which measures how much he's driving and how he's driving - is he speeding or braking excessively? If he drives well, he can earn up to 100 extra driving miles per month and hopes to get a cheaper quote when he renews. Or he can pay to top-up. If he drives less than 6,000 miles, there's no refund.

TOM: I like to think it's quite lenient in certain regards unless you are actually being reckless, in which case you know I like to think it would come down pretty hard on you. I check the portal every other day. It gives a good overall judgement of what you're actually doing.

HOWARD: So, Tom, we've just come to sit outside a local café to set up a laptop for you to log in and check your progress. So you're just doing that at the moment. Just talk us through what's going on.

TOM: This is the first page here, which has got my miles consumption. So I've still got 5,304 miles left, which is quite a nice amount. And it's got my history as well - so it's the time I've driven, total distance, average miles, speed, time, motorway percentage, and percentage parked. Right, now this shows my bonus miles for each month, so November to December was my first month. You're given a light - so green, yellow and red, I assume. All greens for me, which is nice.

HOWARD: So, Tom, just tell us how many miles you've earned so far then?

TOM: In my first 2 months, I've earned 190 out of 200.

HOWARD: Insurethebox.com put us in touch with Tom as an example of how its product could benefit drivers. Andy Haynes, its joint Chief Executive, was also with us. I asked him if this technology could really accurately assess somebody's driving performance.

HAYNES: What happens is the box relays data to us, so we can track where somebody's driving, we can track how they drive. So if somebody's weaving all over the road, repeatedly braking when they really shouldn't or doing excessive speed in the wrong place, the box automatically pulls that up. We can work out whether the customer's driving well or not.

HOWARD: But is there any right of appeal? I mean in a way, you don't have endless hours to sit and pore over data to know whether you're being judged fairly or not, do you?

HAYNES: The key for us is providing feedback 24/7 to a customer. They have the ability to go online and see how they've driven and where they've driven. That's a really big thing for us, you know the transparency of the whole proposition.

LEWIS: Andy Haynes ending that report from Bob Howard. Well the motoring commentator and writer Quentin Wilson has been following this new technology, which is known as Telematics. Quentin Wilson, Norwich Union (now Aviva of course) and MoreThan tried something similar a few years ago, but then stopped it. Does this new system have a greater chance of success?

WILSON: I think it will have more traction now that there's this financial imperative in the market. As we heard from Tom, the price of insurance is punitive. I have a column in a national newspaper every week and I'm getting letters from desperate parents with kids being quoted £7,000, £8,000, £9,000 insurance for a 500 quid car. So if you can save up to £1,000, it's going to be a very significant advantage.

LEWIS: Yes, still a huge amount, isn't it? But how easy is it for even a powerful modern computer in the dashboard to assess driving skills? Where and when I can understand, but skills is a bit different, isn't it?

WILSON: Well it's inappropriate speed, it's inappropriate force in terms of braking and acceleration, and these all have a bearing on a driver's skill. I think the great thing

about this is that it makes people like Tom think about their driving style, and as soon as they get into that mindset of considering how they drive and not making it an automatic process, you've got a huge bounty there already. It'll help with fraud, it'll help with just tracking cars if they're stolen, and I can see this being rolled out widely across the insurance industry to reward consumers for safe driving.

LEWIS: Yes and not just young people. We've already had an email from someone who says they've driven for 40 years and he'd like his premiums reduced, thank you very much.

WILSON: Well there are certain companies who will quite soon be bringing in a kind of payment, so you get up to a 15% reduction on your premium if your driving style is meriting it - if they can monitor it and say okay you've driven very well for 6,000 miles, we're going to reduce your premiums. So that's going to be very good for consumers.

LEWIS: One commentator said it was a bit like having your mum in the back seat. Is that unfair?

WILSON: It's a bit unfair. I mean if you've got something to hide ...

LEWIS: (*over*) Unfair on mums probably actually.

WILSON: ...those nocturnal trips to the mistress, then it's probably not for you. But anything that makes us drive better and pay less for insurance is good with me.

LEWIS: Quentin Wilson, thanks very much. And you can let us know your thoughts on what I'm calling anyway the teenage tachometer on our website: bbc.co.uk/moneybox. But that's all we have time for. More on that website. Sign up to my newsletter, read it, download a podcast, listen again, send us ideas, and of course have your say. Vincent Duggleby's here on Wednesday with Money Box Live, this week taking your questions on saving and investing. I'm back with Money Box

next weekend. You can read my money thoughts every day on my Twitter: Paul Lewis Money. Today the reporters were many and various, the producer was Lesley McAlpine, and I'm Paul Lewis.