

MONEY FIGHT CLUB

BY ANNE CABORN & LINDSAY COOK



**THE SMART WAY
TO SAVE MONEY
ONE PUNCH AT A TIME**

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***THE SMART WAY TO SAVE MONEY
ONE PUNCH AT A TIME***

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HARRIMAN HOUSE LTD
3A Penns Road
Petersfield
Hampshire
GU32 2EW
GREAT BRITAIN

Tel: +44 (0)1730 233870
Email: enquiries@harriman-house.com
Website: www.harriman-house.com

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*For Emma, Gray and Rory who have been money fight
club fighters since birth.*

And Icon Design Partnership for the cover concept.

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KAPOW!

A large, stylized sound effect 'KAPOW!' is centered on the page. The text is rendered in a bold, outlined, sans-serif font, slanted upwards to the right. The letters are white with a thick black outline. The word is contained within a jagged, starburst-shaped outline, also with a thick black border. The overall style is reminiscent of classic comic book art.

WHY YOU NEED MONEY FIGHT CLUB

“I’m a fighter. I believe in the eye-for-an-eye business. I’m no cheek turner. I got no respect for a man who won’t hit back. You kill my dog, you better hide your cat.”


MUHAMMAD ALI

Whether it’s dubious supermarket deals or failing banks, the modern high street is full of financial bullies who grab our cash and give us poor deals in return. You might think that with all the hoo-ha in recent years about a watchdog for *this* and a law to prevent *that* we might be safer, more protected. Wise up. Okay, so there have been huge technical advances to combat things like cyber fraud, and the internet means bad news spreads really fast so that cons and scandals are publicised more quickly, allowing more of us to avoid them.


But if anything, the 21st century presents us with an even greater likelihood of getting financially beaten up. You may be wearing boxing gloves and a gum shield, but you’re facing ever more aggressive opponents with no qualms about fighting dirty and putting their profits, share prices and bonuses way ahead of looking after the interests of their customers. Plus, we’re put in positions where we need to stand up for ourselves more often as we search for best buys, good deals and select from a growing array of financial products in an increasingly complex and crowded market place.


While we may have our guard up against obvious cons – such as emails from deposed potentates offering us huge sums in exchange for temporary use of our bank accounts – we assume well-known brands and high street names operate very differently. Forget that!

 Every single organisation with something to sell is after our hard-earned cash.

 An increasing number go to dubious lengths to get their hands on that cash.

It's not enough to defend yourself against their tricks and bullying tactics. You have to fight back. This book shows you how to avoid the scams and how to come out fighting if you don't get what you want.

 Bish! Spot and avoid the scams.

 Bash! Save money and negotiate better deals.

 Bosh! Win compensation or get your money back.

YOUR TRAINING PARTNERS

Anne Caborn and Lindsay Cook each have a financial black belt in money management and have floored more than one financial institution fighting for their own and other people's financial rights. They are the perfect training partners for your initiation into Money Fight Club.

Lindsay bought her first home when she was just 22, having worked out it was cheaper than paying rent, and has not looked back since. In the 1990s she became the first woman Business Editor of *The Times* and went on to become Group Managing Editor of Express Newspapers. She then set up as an independent consultant, helping turn around enterprises and bring spending under control for a range of companies in the UK and US. Lindsay also wrote the original *Money Diet* book in 1986. She is deputy chair of the Citizens Advice Bureau (CAB) in West Sussex.

Anne is a journalist and digital entrepreneur. She co-founded Make it and Mend it, an online sustainability website designed to help people make and mend more and throw away less, and she has worked in the National Health Service and the charity sector. In the 1980s she compiled the first British Rich List for *Money* magazine. This developed her lifelong fascination with the psychology of money and what divides those who are good with it from those who are not.



Lindsay and Anne both believe it's not enough to defend what you've got – you've got to go on the attack to combat poor deals and downright dishonesty, where world-renowned companies put their profits far above your best financial interests.

This book is Anne and Lindsay's training manual in unarmed financial combat. It will take you from raw recruit to Money Fight Club veteran in a few days, so you can cut your outgoings, spot what's dodgy and fight for fair treatment whoever you're dealing with. Plus, they'll direct you to an arsenal of resources so you understand your rights – and are ready to fight for them.



Money Fight Club is designed to change the way you think about (and use) money forever, and if you follow the combination of insights, advice, defensive manoeuvres and attack tactics presented here, you'll not only survive but win.

So, what are you waiting for? Release the financial fighter within yourself.

Welcome to **MONEY FIGHT CLUB**.

HOW THE BOOK IS ORGANISED

This book is divided into two parts. The first part is designed to toughen you up and starts out by giving you a little history lesson – how big business became so untrustworthy and all powerful, and how we all came to accept this state of affairs.

Once we've ripped off your rose-tinted glasses we'll slip on your boxing gloves and start to equip you with the fighting styles and defensive techniques you'll need, plus a quick financial fitness test designed to gauge your current strengths and weaknesses. You'll also find more help and advice on our website:

www.moneyfightclub.com

The second part of the book gives you the pointers you need to put these Money Fight Club techniques into action – whether you're battling household bills or buying anything from a new mobile phone to a pension. We'll highlight the scuzzy scams and dodgy deals. We'll show you how the marketing and advertising big business employs can trip you up. We'll also show you where to go for help and advice and how other money fighters have fought – and won.

This second part is divided into Rounds, one round for each of the main battle grounds:



Round 1: Food Wars



Round 2: Attacking Household Bills



Round 3: Banks and Finance



Round 4: Defending Your Home



Round 5: Travel



Round 6: Financing The Future



Round 7: Tax



Round 8: Never Be Blindsided

Each Round is further broken down into key areas, or pain points, so you can target specific opponents – supermarkets, banks and energy suppliers, for example. You can either work your way through the Rounds in order, or go straight to a specific area that you need to tackle as a personal priority, such as food bills (for example, why multi-buys can actually work out more expensive), or quick wins when it comes to getting your bills down, or when planning for the future.

And at the end of each Round there's a very brief section designed to get you thinking a little differently – more like a money fighter and less and less like a money pushover.

Now, let's get started.

MONEY MANAGEMENT IS A CONTACT SPORT

“People get much more bent out of shape about me being an ex-banker than they do about me being a convicted fraudster. ‘You were a banker, oh my God.’ Convicted fraudster was the first step of my rehabilitation.”

GARY MULGREW OF NATWEST, MILLIONAIRE BRITISH BANKER WHO ENDED UP IN US JAIL, GUARDIAN

FIRST BLOOD

Open up your paper or turn on the news on any given day and somewhere between the latest celebrity indiscretion and the football scores you’ll invariably find a financial scandal of one type or another. It will most likely involve a company you have a relationship with or, at the very least, one you have heard of. It will be to do with a brand name you recognise, a mainstream financial sector, such as banking, or an essential, such as heating or food.

It will involve smartly dressed, well-heeled people who’ve apparently engaged in a degree of monetary shenanigans that a cowboy builder might blush at – selling you a financial product you didn’t need, billing you for a service you didn’t ask for, charging you more than you actually needed to pay. It will have involved jargon and duplicity and a cavalier disregard for the basic rights of the consumer.

We only have ourselves to blame.

While we like to think we look after our hard-earned cash we’re not in the habit of fighting to protect it. Our financial skills are based on a rose-tinted vision of an almost mythical financial past when

**“WHILE WE LIKE TO THINK WE
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the local bank was run by a man in the image of George Banks in *Mary Poppins* or Captain Mainwaring in *Dad’s Army*, and who probably aspired to no more than the chance to retire to a cottage near Hastings. Forget them both. Instead, think Rambo.

Money management has always been a contact sport – and potentially a bloody one – so you need to get into peak condition and arm yourself accordingly. The reality is that anything to do with money (and profit) has always attracted its share of aggressive, cold-blooded, highly-skilled, well... Rambos. They’re cold-hearted and calculating; merciless in their pursuit of financial victory.

In the past, most of us never came across them. If we had a pension it was provided by the state, or the company we worked for (possibly just one company for our entire working lives). We might buy our home with a mortgage but this was acquired from the building society where we’d saved our deposit. We might have some money in a savings account but it would be with the same building society, or with the bank we’d been with since childhood. We had our utilities supplied by companies that often had the word *British* in their names. The choice was whether you had a phone, not which of the myriad providers should bill you for it.

This situation was mirrored from the point of view of the Rambos. They moved through a financial stratosphere composed of well-advised, ultra-rich and corporate clients and they were unaware of, or at least unconcerned by, our existence. But they are aware now.

EXPANSION AND DEREGULATION

Things began to change in the years following the Second World War as aspirations amongst the working and emerging middle

classes grew. Increasingly we were identified as ‘consumers’ and the word’s meaning shifted in emphasis from what we used to how we purchased. Slowly but steadily, ordinary people had the ability and inclination to spend money in a way that the Rambos found interesting. We were moving into their world and they were moving into ours.

In spite of this shift, we were still pre-conditioned by a financial past that had insisted we leave key decisions in the hands of higher powers. Our parents (or, at least, their parents) put their faith in the National Health Service and the state’s ability to provide (during sickness, unemployment and in retirement), in exchange for financial contributions deducted automatically from their pay packets.

Having been taught to trust our betters, we then fell victim to the old switcheroo. It wasn’t just the state or our employer that would provide but a whole host of new and exciting organisations. Fast-forward and Margaret Thatcher allowed us to opt out of our company pensions and opt instead for private ones. We were offered choice and told it was a good thing. Not only were we looking at myriad products and services from a whole host of providers related to our health, wealth and lifestyle, but we were also seeking advice from a new industry of advisors and middle men whose own income came from the commission they earned on making a sale.

Money was on the move – state industries were privatised and new industries evolved that were eager to offer our hard-earned cash a range of new habitats. Rambos found new jungles where they could operate. The financial sector became more competitive (and less regulated), recruiting a new breed of employee to sell us a new brand of investments.

Home ownership was another area that underwent dramatic change. The range of financing options grew exponentially. You no longer needed a savings relationship with a traditional building society before you could borrow. Borrowing and loans with greater loan-to-value ratios (reducing how much of the underlying asset

you were actually putting up the deposit for) became easier and at the same time the mortgage options became increasingly more complex. Lenders became plentiful. Why spend years trading up through increasingly better properties on which you owned more and more of the equity? Why not just buy big with a huge mortgage and rely on making a sizeable profit when you sell, to set it all right at some stage in the future?

Plastic cards increasingly replaced coins and notes and it became ever more acceptable to buy what you wanted on credit rather than saving until you had the money. For your great grandma 'buying on tick' was something never spoken about, but by the latter half of the 20th century how much you could borrow became as important a status symbol as what you actually had. A big house with a big mortgage was more impressive than a small house with no mortgage at all.

Easy access to credit also had the effect of speeding up decision-making. If you saved for a few years before you could afford that new home extension you had plenty of time to search for the right builder and decide exactly what you wanted done. Suddenly you could have the finance for a loft conversion in place in the time it took to watch a home makeover programme on television.

The late 20th century also encouraged us to go into business for ourselves; to take our own shot at becoming a millionaire. The emphasis was less and less on 'the state will provide' and more and more 'if you want it, go out and get it'. The more we aspired to, the more people were willing to offer us our dreams – but not necessarily to deliver on them.

AFTER THE REVOLUTION

The potential we offered to businesses selling an increasing range of things was breathtaking. What money we didn't have we could be encouraged to borrow in order to buy the things we didn't have. We could be talked into realising our dreams sooner rather than

later and moving from one type of saving to another on future predictions (yes, just like crystal ball gazing) of what returns we might expect. We slipped on those rose-tinted glasses (again), while the people selling to us slipped on the boxing gloves.

So while financial scandals are nothing new – RBS, Northern Rock, Barings Bank, Enron, Banco Ambrosiano and all the way back to the South Sea Bubble disaster of the 1700s – the words ‘money’, ‘investment’ and ‘fraud’, or at least ‘mismanagement’ and ‘misleading’, found their way into the same headlines on an ever more regular basis.

Thanks to the financial revolution that had taken place, more and more of the money spirited away came from ordinary people who could ill afford to lose it. Even suppliers of life’s basics – supermarkets and energy suppliers, for example – got in on the act by making it harder to understand what was on offer or how to identify the best option. We were sold the concept of competition but what we actually got was complexity.

Take the spring of 2013:



March should have been distinctly chilly for payday lenders who were taken to task by the Office of Fair Trading (OFT) and told to get their house in order, but at the time of writing some months later we haven’t noticed any change – except payday loan interest rates going up even more. The Financial Conduct Authority did propose tighter rules in October 2013 but money fighters know better than to wait for changes in regulation and legislation which can take time to bite.



March was also the month that Which? launched a campaign to stop mobile phone companies raising phone tariffs for people on supposedly fixed-rate plans.



April saw energy regulator Ofgem fine gas and electricity supplier SSE £10.5m for mis-selling, the largest fine it has ever imposed on an energy supplier.



The latest round in the Libor interest rate fixing scandal saw Barclays duelling it out in the courts throughout 2013 with a company attempting to sue it. Meanwhile, in April of that year the Financial Conduct Authority (FCA) made Santander contact 270,000 mortgage customers about unclear information. A month later the FCA was back in the news, this time because it had uncovered as many as 1.3m borrowers who risked being unable to repay their interest-only mortgages.



A day later British Gas was exposed for signing up customers to a fixed-price tariff that cost them up to £800 more than deals they could have got elsewhere. Oh, and oil companies were in the news over claims of price fixing.



The spring of 2013 was also when the horse meat-in-convenience-food scandal hit. While the supermarkets would be the first to protest that they didn't set out to sell customers horse meat instead of beef, the scandal demonstrates how little trust we can place in the huge businesses we pay our money to.

These are just some of the highlights. If we wanted to list them all we'd need a bigger book!

The downside to all this apparent choice we have – from frozen lasagne to pension provision – is a highly competitive buying environment where companies rely on marketing and new offers to woo us and aren't really that concerned about whether we end up with fatty arteries and empty wallets some years down the line.

All this should be making you as mad as hell. Does it? If it does, what are you going to do about it – and how? Disappointingly, our financial skills are often not up to the task of responding in the most effective way.

We look for black and white but the Rambos give us 50 shades of very attractive and highly plausible grey. Modern marketing can

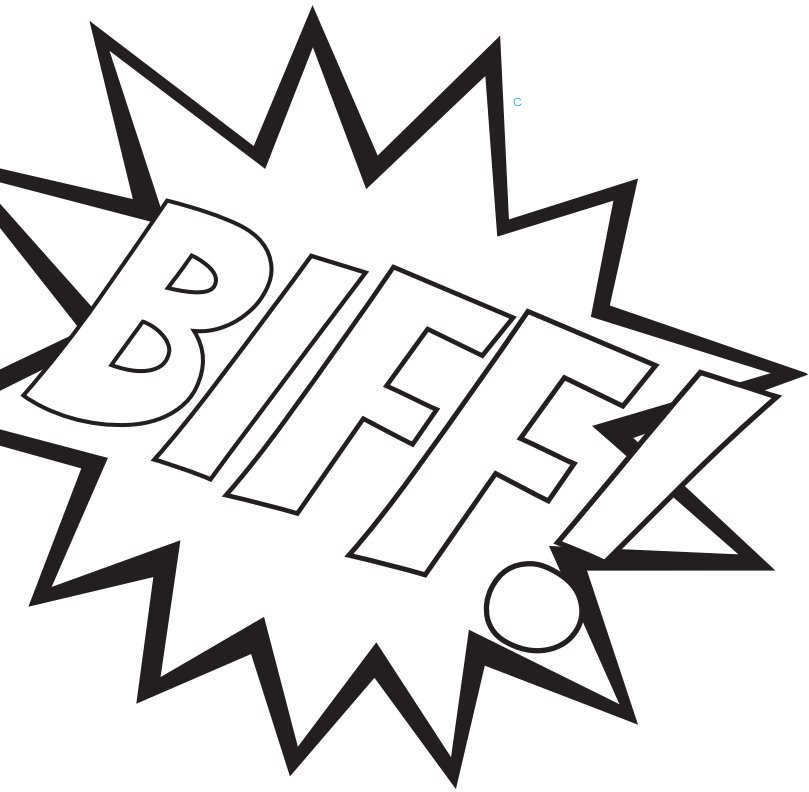
actually make it harder for us to make sensible, informed choices – ‘confusion marketing’ is a recognised, if controversial, technique where the choices we are offered are so bamboozling that we cease to choose at all and simply go with the most hard-sold offer.

“TODAY’S WORLD IS FINANCIALLY TOUGHER THAN ANY OF US EVER EXPECTED.”

These confusion techniques make it difficult, if not impossible, for us to decide between providers – new mobile phone anyone? – or compare prices. This is one of the reasons the UK government stepped in to try to force energy suppliers to simplify their tariffs.

The end result is that today’s world is financially tougher than any of us ever expected or have been trained to deal with. We need to be fighting fit to survive. The good news is that Money Fight Club will show you how. If you look tough and talk tough you’re less likely to be taken advantage of.

Don’t just get mad – **GET EVEN.**



Money Fight Club

The smart way to save money one punch at a time

Anne Caborn and Lindsay Cook



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