



News Front Page

Page last updated at 09:27 GMT, Wednesday, 21 October 2009 10:27 UK



- Africa
- Americas
- Asia-Pacific
- Europe
- Middle East
- South Asia
- UK**
- England
- Northern Ireland
- Scotland**
- Wales
- UK Politics
- Education
- Magazine
- Business**
- Health
- Science & Environment
- Technology
- Entertainment
- Also in the news
- Video and Audio
- Programmes**
- Have Your Say
- In Pictures
- Country Profiles
- Special Reports

E-mail this to a friend

Printable version

Fergus Muirhead on the cost of Christmas

By Fergus Muirhead
Money expert

If you have already bought, paid for and wrapped all of your Christmas presents then you are one of a very small minority and you can ignore the rest of this piece.



Fergus answers money questions on Reporting Scotland and online

Most of us, however, still leave it all until the last minute and this lack of planning means that a lot of us will stick most of our presents on our ever flexible plastic friends.

If you are one of the last minute majority then it's really important to make sure that you borrow wisely, if you're looking to spread the cost of Christmas this year.

We will spend billions over this Festive period and more than two thirds of it will be on credit cards.

While some will pay off all of this debt at the beginning of next year, many will still be paying it for months and maybe even years to come.

So however you decide to pay for your Christmas presents it is important to understand exactly what you are letting yourself in for and check out exactly how much you are likely to have to repay before signing on the dotted line.

Even 'interest free' offers can end up costing you a fortune if you don't study the small print.

Often the cheapest way to borrow money is to use a bank overdraft - but this is only worthwhile if it is for a short term and you intend paying the money back early in the New Year.



Many people put the cost of Christmas on their credit cards

Otherwise you might find that the bank want to turn your overdraft into a loan at a higher rate of interest.

And a word of warning on overdrafts - always ask first.

Unauthorised overdraft charges can be horrendous - up to 30% APR - and on top of the interest you will pay on money you borrow you may also have to pay charges every time a payment is made while you are overdrawn.

If your borrowing is likely to be longer term then you could look for a personal loan.

There are lots of them around at the moment - and you'll find interest rates from as low as 7% but you need to look closely at any penalties that might apply if you come into some money next year and decide to repay the loan early.

Store cards

Some loans add all of the interest on at the beginning so you could be penalised for paying early.

Store Cards are great if you can buy presents on them now and pay them all off in January since you may qualify for special discounts for

SEE ALSO

- ▶ Fergus Muirhead on consumer questions 07 Sep 09 | Scotland
- ▶ Fergus Muirhead on consumer rights 17 Aug 09 | Scotland
- ▶ Fergus considers mortgage options 23 Feb 09 | Scotland
- ▶ Fergus looks at where to invest 26 Jan 09 | Scotland
- ▶ Expert to address money problems 10 Jan 09 | Scotland

RELATED BBC LINKS

- ▶ BBC Raw money advice

RELATED INTERNET LINKS

- ▶ Fergus Muirhead's blog

The BBC is not responsible for the content of external internet sites

TOP SCOTLAND STORIES

- ▶ Aberdeen bypass given green light
- ▶ Lockerbie review may be published
- ▶ Killer nurse's appeal thrown out

MOST POPULAR STORIES NOW

SHARED READ WATCHED/LISTENED

- 1 Feeling grumpy 'is good for you'
- 2 Gun drawn in snowball fight
- 3 Auschwitz theft suspects detained
- 4 Greek finances face 'credibility gap'
- 5 What did Copenhagen achieve?

Most popular now, in detail

SHARED READ WATCHED/LISTENED

- 1 What became of Romania's neglected orphans?
- 2 Family tribute to 'star' Murphy
- 3 'Clashes' as Iran cleric buried
- 4 Auschwitz theft suspects detained
- 5 Day in pictures
- 6 Kroenke near to Arsenal threshold
- 7 Eurotunnel car services disrupted
- 8 Hit-and-run child killer detained
- 9 US emerges from monster snowstorm
- 10 Greek finances face 'credibility gap'

Most popular now, in detail

SHARED READ WATCHED/LISTENED

- 1 ▶ Gun drawn in snowball fight
- 2 ▶ Mr Bolivia wins best looking man contest
- 3 ▶ US actress Brittany Murphy dies
- 4 ▶ Separated twins return home
- 5 ▶ One-minute World News

Related BBC sites

- Sport
- Weather
- On This Day
- Editors' Blog
- BBC World Service

from an on-line retailer, since you may qualify for special discounts for having a card - and you may even get a glass of wine and a mince pie at a special 'cardholders only' night.

But be careful if you don't repay straight away - again interest rates can be as high as 30% APR and that means that keeping a balance of £2,000 for 12 months could cost you as much as £500 in interest.

Credit Cards are always popular at this time of year and nowadays there are plenty that will have reduced rates of interest for the first six months or so - some even reduced to zero.

Remember, though, that a cheap rate in the beginning may be followed by a much higher rate for years to come.

And although you can use your credit card to withdraw cash it usually comes with higher rate of interest attached and should be avoided.

A big benefit of buying by using your credit card, if the goods you are buying cost more than £100, is that if anything goes wrong you may be able to make a claim against the Credit Card Company rather than the retailer.

You may be offered interest free credit, or 'buy now, pay November 2010' and although these offers sound great they can be expensive if you don't remember when you need to make your payment.

“ The secret to saving money at Christmas is to shop early and shop around ”

If you have 12 months interest free and you don't pay the balance at the end of the 12 month period then interest is likely be added - and not only that but it will be backdated to the date you made the purchase.

And you'll need to remember when the payment is due - you won't get a reminder from the company.

Remember that as well as borrowing wisely you need to shop wisely as well.

The secret to saving money at Christmas is to shop early and shop around.

Shops reduce the price of lots of items every day at this time of the year so take the time to have a good look round before you buy.

There are huge savings available if you don't just rush into the first shop you pass and flash the plastic.

But you'll need to be organised and you'll need to start now.

Taking presents back

You don't have an automatic right under Sale of Goods Act legislation to take something back just because it doesn't fit, or you don't like it.

However most shops will allow you to return unused or unwanted gifts for up to 30 days after Christmas - as long as they are in their original packaging and you have a receipt.

Without a receipt you may only get an exchange rather than a cash refund, and you may get less back if the item is in a post-Christmas sale and you can't prove that you paid a higher price for it.

None of this affects your statutory rights under the Act.

If presents that you buy are broken or don't work you will be entitled to a full refund and, contrary to what you may be told in the shop, you don't need to have a receipt although you may be asked for some other form of proof of purchase such as a credit card receipt or bank statement.

You can contact Fergus by e-mail at fergus@bbc.co.uk

The opinions expressed are those of the author and are not held by the BBC unless specifically stated. The material is for general information only and does not constitute investment, tax, legal or other form of advice. You should not rely on this information to make (or refrain from making) any decisions. Always obtain independent, professional advice for your own particular situation.

- 6 ▶ Romanian orphanage ex-director speaks out
- 7 ▶ Army to get new camouflage
- 8 ▶ Warm reception for Kool in Cuba
- 9 ▶ Helicopter captures Saaf's arrest
- 10 ▶ Hunks battle for 'best man' crown

▶ Most popular now, in detail

Bookmark with:

What are these?

Delicious Digg reddit Facebook StumbleUpon

E-mail this to a friend

Printable version

FEATURES, VIEWS, ANALYSIS



Older and scarred
What became of Romania's neglected orphans?



Greek tragedy
Why Athens has incurred wrath of credit rating gods



Day in pictures
Striking images from around the world

MOST POPULAR NOW | **MOST POPULAR NOW** | 98,629 people are reading stories on the site right now.

[SKIP TO TOP](#)

PRODUCTS & SERVICES



E-mail news



Mobiles



Alerts



News feeds



Podcasts

[Home](#)

[Strictly](#)

[Democracy Live](#)

[Merlin](#)

BBC iPlayer

Health & Parenting

Music

Sport

CBBC

History

News

TV

CBeebies

Learning

Radio

Weather

Food

Local & Nations

Science & Nature

[A whole lot more](#)

BBC © MMIX

The BBC is not responsible for the content of external internet sites.

[News Sources](#)
[About BBC News](#)

[BBC Help](#)
[Accessibility Help](#)
[Jobs](#)
[Advertise With Us](#)

[About the BBC](#)
[Contact Us](#)
[Terms of Use](#)
[Privacy & Cookies](#)