

Shop clever with Christmas cards



TOP TIPS FOR BEING A WISE MAN WHEN BUYING ON CREDIT

IF YOU haven't already bought and wrapped your presents you're definitely not alone.

The last-minute army will be mobilised this week for a shop-and-awe attack on the high street.

And as ever, there will have been a lack of financial planning throughout the year by domestic generals.

That means they'll be armed with a battery of credit cards to win hearts and minds by buying the right presents in this Christmas campaign.

According to the Association of Payment Clearing Services we will spend about £56 billion over this festive period and more than two thirds of that with our flexible friends.

If you are in command of emergency manoeuvres, it's vital that you don't make a tactical error as you spread the cost of the festivities.

While some of us will clear this debt at the beginning of next year, many will still be paying it up for months to come.

Either way, it's best to know in advance exactly what the ultimate cost of the operation will be.

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

Often the cheapest way to borrow money is a bank overdraft – but only if it's for a short term.

Otherwise you might find that the bank wants to turn it into a loan at a higher rate of interest.

And a word of warning on overdrafts – always ask first. Unauthorised overdraft charges can be horren-



dous – up to 30 per cent APR. And on top of the interest on money you borrow, you may also be hit with 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 with interest rates as low as 6 per cent.

But it's worth looking closely at what happens if you get cash reinforcements and decide to clear it early.

Some loans add all of the interest at the beginning so you could be penalised for your efforts to get ahead.

Careful

Store cards are great – if you can buy presents now and pay them all off in January.

You may qualify for special discounts – 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 per cent APR.

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 part of the armoury at this time of year and there are plenty with reduced rates

of interest for the first six months or so – some even reduced to zero. But remember 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 – so that should be avoided.

A big benefit of buying goods 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 2008".

These offers sound great but they can be expensive if you don't remember when you need to make your payment.

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 to be added.

And it will be backdated to the date you made the purchase.

Bear in mind that you must remember when payment is due – you won't get a reminder from the company!

Yorkshire Bank and Ulster Bank are offering six months at zero APR – but Ulster Bank's rate goes up to 19.9 per cent afterwards and York-

shire's only rises to 15.9 per cent. First Direct may look good, offering 12 months at zero per cent, followed by a rate of 16.9 per cent – balance transfers are charged at 4.9 per cent.

But then you see that Halifax has a Purchase Mastercard with zero per cent on all your shopping for 15 months followed by a rate of 14.9 per cent – as well as zero per cent on balance transfers for six months.

With all these cards the devil is in the detail so check the small print before you decide.

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

Stores 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.

At the moment, for example, Tesco is selling a range of books including best sellers Don't Stop Me by Jeremy Clarkson and New Europe by Michael Palin for £12.

Go to Borders and the same books are 33 per cent more expensive at £16.

The differences are even greater with electrical items.

A Sony TV on sale in Comet at £449 is £100 cheaper on Amazon and, in fact, if you look at a price comparison site online, is actually available for £304.

So 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 start checking out the deals now.

That way it will be a time of peace and goodbills – not season's greetin'!

