

6 April 2009

Beware of foreign usage charges this Easter

With the Easter bank holiday nearly upon us, many people will be looking to go abroad on holiday in the coming weeks.

While using your credit or debit card may be the easiest way to pay for things while your away, costs can so mount up.

Michelle Slade, analyst at Moneyfacts.co.uk, comments:

Credit Cards

“Most credit cards charge a foreign usage charge, some as much as 2.99% for both purchases and cash transactions. This charge is applied each time the card is used and can soon mount up to a significant amount.

Company	Foreign Usage Charge EU	Foreign Usage Charge Worldwide
Abbey	2.95%	2.95%
Alliance & Leicester	2.99%	2.99%
American Express	2.99%	2.99%
Bank of Scotland	2.95%	2.95%
Barclaycard	2.75%	2.75%
Capital One Bank	2.75%	2.75%
Egg	2.75%	2.75%
Halifax	2.95%	2.95%
HSBC	2.99%	2.99%
Lloyds TSB	2.95%	2.95%
MBNA Europe Bank	2.99%	2.99%
MINT	2.75%	2.75%
Nationwide BS	Nil (0.84% from 6 May 09, increasing to 1.00% 1 July 09)	Nil (0.84% from 6 May 09, increasing to 1.00% 1 July 09)
Natwest	2.75%	2.75%
Post Office	Nil	Nil
Royal Bank of Scotland	2.75%	2.75%
SAGA	Nil	1.00%
The Co-operative Bank	2.75%	2.75%
Thomas Cook Personal Finance	Nil (2.5% from 18 April 09)	Nil (2.5% from 18 April 09)
Yorkshire Bank	2.95%	2.95%
Source: Moneyfacts.co.uk – 6.04.09		

“Taking cash out on your credit card is never advisable even in the UK. Not only is the interest rate much higher than on purchases but you will be charged the interest from day one.

“On top of this you will be charged a cash handling fee as well as the foreign usage charge if the cash is taken out abroad. £100 cash taken out on an MBNA Europe Bank credit card will see you paying £5.99 in charges.

“With Nationwide BS and Thomas Cook Financial Services adding foreign usage charges in the coming months, only the Post Office will make no additional charges for using your card abroad. It is an extremely disappointing move from the Nationwide, which proudly boasted about the lack of charges in its TV adverts.

Debit Cards

“In the UK we are so used to free banking that many people assume things will be the same when they go abroad. This can be a costly mistake as additional charges may well apply for both taking money out of a cash machine as well as making purchases in store.

Company	Cash Conversion Charge	Cash Transaction Charge	Retail Conversion Charge	Retail Transaction Charge
Abbey	2.75%	1.5%, min £1.99	2.75%	£1.25
Alliance & Leicester	2.95%	2%, min £2.00	2.95%	Nil
Barclays Bank	2.75%	2%, min £1.50, max £4.50	2.75%	Nil
Coventry BS	Nil	2.00%	Nil	2.00%
Halifax	2.75%	£1.50	2.75%	£1.50
HSBC	2.75%	Nil	2.75%	Nil
Lloyds TSB	2.99%	1.5%, min £2.00, max £4.50	2.99%	£1.00 (Nil on Premier and Platinum accounts)
Nationwide BS	Nil (0.84% from 6 May 09, increasing to 1.00% 1 July 09 – Fee not applied in selected countries)	Nil	Nil (0.84% from 6 May 09, increasing to 1.00% 1 July 09 – Fee not applied in selected countries)	Nil
Natwest	2.75%	2%, min £2.00, max £5.00	2.75%	£1.25
Royal Bank of Scotland	2.75%	2%, min £2.00, max £5.00	2.75%	£1.25
The Co-operative Bank	Nil	2%, min £2.00	Nil	2.75%
Yorkshire Bank	Nil	3.75%, min £1.50	Nil	2.75%, min £1.50

Source: Moneyfacts.co.uk – 06.04.09

“Again these charges are charged each time the card is used overseas. For every £100 taken out on an Alliance & Leicester card, you will be charged £4.95.

“Customers taking out cash need to be aware of the minimum charge. If you withdraw lots of small amounts you will be hardest hit. It may be worth planning ahead for your financial requirements a few days at a time.

“Even paying for goods directly with your debit card does not stop you being charged. Most providers charge a retail conversion charge and some charge an additional transaction charge. Spending £100 on your Halifax debit card will see you being charged an additional £4.25.

“While the Nationwide BS no longer offers free transactions abroad, it does offer the cheapest option by far still if you use your debit card while on holiday.

“With everyone concentrating on enjoying themselves rather than on what they are spending, overseas charges can soon mount up. When customers get home they could find a nasty surprise when their monthly statements arrive.”

Note to Editors:

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Looking for extra comment, a chart or more information, then please give us a call. We are always more than happy to help.

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