

1 June 2010

Don't be caught out by overseas charges

In the next few months many people will be planning to take their summer holiday, with many heading to South Africa for the World Cup.

While arranging your spending money may not be the highlight of any holiday, a small amount of time and effort could see you making significant cost savings.

Using your credit and debit cards abroad may be the easiest and convenient way for many, but costs can soon mount up if you're not careful.

Michelle Slade, spokesperson for Moneyfacts.co.uk, comments:

Travel Money

"Changing your currency at the airport may seem convenient, but you will be paying for the privilege through unfavourable exchange rates.

"Money can be exchanged once overseas, but lack of local knowledge may mean settling for uncompetitive rates of exchange. If your trip takes you off the beaten track, your options may be further restricted.

"Shopping around before you go will leave you more in control of getting the best rate.

"Commission free doesn't necessarily mean the best deal. The commission fee is likely to have been loaded into the rate.

Credit cards

See Appendix 1 for table of each provider's overseas charges

"Credit cards will levy a foreign usage charge of up to 2.99% for both purchases and cash transactions. Charges are applied each time the card is used and can soon add up.

"Taking money out on your credit card is never advisable even in the UK. Interest rates on cash withdrawals are charged at a higher rate than purchases and a cash handling fee, typically 3.00%, min £3 is applied.

"£100 cash taken out on an American Express, HSBC or MBNA credit card will see you paying £5.99 in charges alone.

"The Post Office, Saga and Santander Zero credit card make no additional charges for using your card overseas, while Nationwide BS makes no charge in Europe.

"It is worth taking a credit card in case of emergencies. The recent volcanic ash situation has shown you never know what may happen and you could be stuck abroad for extended periods.

Debit cards

See Appendix 2 for table of each provider's overseas charges

"In the UK we are so used to free banking that many people assume things will be the same when they go overseas.

"This can be a costly mistake as charges are applied both for taking money out of a cash machine and for making purchases in store.

“£100 cash taken out on an Alliance & Leicester debit card will cost you £4.95 in charges. Furthermore, a £100 purchase on a NatWest, Royal Bank of Scotland or Santander card will cost you and additional £4.00.

“Customers taking out cash need to be aware of minimum charges. If you withdraw lots of small amounts you will be hardest hit, so it may be worth planning a few days ahead for your financial requirements.

“Nationwide BS remains the cheapest provider for debit card transaction with no charges applied in Europe and just a 1.00% charge made elsewhere.

“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.”

Appendix 1

Company	Foreign Usage Charge EU	Foreign Usage Charge Worldwide
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	2.95%	2.95%
Halifax	2.95%	2.95%
HSBC	2.99%	2.99%
Lloyds TSB	2.95%	2.95%
MBNA Europe Bank	2.99%	2.99%
Nationwide BS	Nil	1.00%
Natwest	2.75%	2.75%
Post Office	Nil	Nil
Royal Bank of Scotland	2.75%	2.75%
SAGA	Nil	Nil
Santander	2.95% Nil – Zero Credit Card	2.95% Nil – Zero Credit Card
The Co-operative Bank	2.75%	2.75%
Thomas Cook Personal Finance	2.50%	2.50%
Yorkshire Bank	2.95%	2.95%
Source: Moneyfacts.co.uk 1.6.10		

Appendix 2

Company	Cash Conversion Charge	Cash Transaction Charge	Retail Conversion Charge	Retail Transaction Charge
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%	2%, min £1.75, max £5.00 (Nil on Premier and Plus accounts)	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	1.0%	Nil	1.0%
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
Santander	2.75%	1.5%, min £1.99	2.75%	£1.25
The Co-operative Bank	2%, min £2.00	2.75%	Nil	2.75%
Yorkshire Bank	Nil	3.75%, min £1.50	Nil	2.75%, min £1.50
Source: Moneyfacts.co.uk – 1.6.10				

About Moneyfacts.co.uk

Moneyfacts.co.uk is the UK's leading **independent** provider of personal finance information. For the last 21 years, Moneyfacts' information has been the key driver behind many personal finance decisions, from the Treasury and the Bank of England to the high street.

Our increasingly popular consumer website www.moneyfacts.co.uk **helps customers make better financial decisions** and gives them the ability to check the latest best buy products and to search the **whole market** for products that suit their individual circumstances.

Moneyfacts.co.uk also supplies best buy charts to many of the UK national and regional newspapers, with a total weekly readership in excess of 22,000,000. Moneyfacts.co.uk also provides the personal finance data that powers many UK online comparison websites.

Our dedicated research experts produce three monthly publications as well as providing real time news and data services to the majority of banks and building societies. Additional information can be found at www.moneyfactsgroup.co.uk.

Contact us...

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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