

PRESS CUTTING

Financial devil is in the detail

FINANCIAL service providers love to stress how easy it is to apply for their products and how straightforward they are. But the so-called 'small print' in the other story – and if you don't read it carefully you could end up thousands of pounds out of pocket. Whatever the size of type, when you're faced with page after page of complicated terms and conditions, a trip to the dentist might start to seem attractive. Fail to give it your full attention, though, and you could miss something vital. Gerry Diamond, managing director of the Glasgow-based Endowment Compensation Centre, recently received a two-page letter from Standard

Vital terms can be hidden in the small print

BY ALEX MORGAN

Life about the policy he and wife Michelle took out in 1988 to cover their mortgage.

The first few pages summarise the plan's current value and show that, depending on investment conditions, they are likely to face a shortfall of between £9500 and £15,400.

However, it isn't until page six that it reveals – in pale blue, rather than standard black type – the deadline for the Diamonds to launch a miss-selling claim is June 1.

Gerry says: "I've got an eye for these things but at first glance I didn't see it. If Standard Life are truly committed to saying 'if

you've got a complaint, please make it before you run out of time', it's not congruent to put it on the last of six pages."

And his experience is far from unusual. It is thought more than 700,000 endowment holders have missed deadlines imposed by insurers, depriving them of the chance to claim thousands of pounds in compensation.

Gerry says: "We find people every day who are now time barred from making an endowment complaint and didn't know it. It's an issue that could be raised against many companies – the information may well be in the documentation but it's not explicit enough."

It's also essential to scrutinise

every word when you're borrowing.

The letter and four-page leaflet in a recent Bank of Scotland mailshot advertising its loan sale trumpets a typical rate of 6.9 per cent to borrow £7000 or more.

But it is only on the back of the leaflet it mentions that borrowers may be charged up to 10.9 per cent.

Many loan providers also apply far higher rates to lend small amounts.

Lisa Taylor, an analyst for website Moneyfacts.co.uk, gives Marks & Spencer Money as an example.

She says: "Borrowers requesting a loan of £1000 to £2999 will be charged a typical rate of 19.9 per

cent, whereas borrowers of over £10,000 will be charged a typical rate of only 6.4 per cent – almost a two-thirds discount."

But if you log onto M&S's website, the highlighted rate is 6.4 per cent – and you have to type in a smaller amount to discover how far the rate leaps.

It's a similar story for mortgages, credit cards and insurance – in fact, for all kinds of financial products.

Ignore terms and conditions and you could be forced to pay out far more than you expected – or, worse still, be left with a policy you can't claim on.

Reading small print may be boring, but it could save your financial life.