

**Credit Card Advice from Louis Letourneau.
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Christmas is coming and the goose may well be getting fat. But will your goose be well and truly cooked when you get your credit card bills in the New Year? Louis Letourneau looks at how to get the best deal from your [plastic](#).

Despite the recent downturn in the economy and fears of worse to come, it seems that we as a nation just keep on spending. Not a month goes by without a new record being set in the area of consumer debt.

In August, consumer credit, including cards and personal loans, rose by £2billion. And what's the betting that December 2002 will set a new record? After all, nearly 20 per cent of our annual credit card spend happens in November and December alone.

There are now 59 million cards in UK wallets and the average Briton's credit card debt is £1,400, according to a recent survey by the [British Bankers' Association](#). So are we consumers getting a good deal?

For starters, if you're paying an annual fee, why? Some of the best deals around combine low interest rates with no annual fee. Providers who charge a fee sometimes say that their cards carry additional benefits that are worth the fee, but I'm not convinced.

There is a range of new 'flexible' cards on the market, too, where you can design your own personalised deal by choosing online from a range of features those that are most important to you. Again, I'm not convinced - even the best of these carry interest rates that do not compete with the market leaders.

With interest paid on savings accounts at an abysmally low level, looking after the pennies has never been more important and my own preference is for a card that has a low everyday APR. You will find that some cards offer a very low introductory rate but that, once this period is over, the interest rate charged is not competitive. So if you don't want to be 'chopping and changing' all the time, select a card that is still competitive once the introductory rate has finished.

The same applies to cards that offer 0 per cent interest on balance transfers. Used astutely, this type of deal can help clear a Christmas or holiday debt fairly painlessly; but you do have to check what happens once the offer ends. If you are very disciplined with money and pay your balance in full at the end of each month, you may not be so influenced by a low interest rate and may be more interested in rewards and cash-back deals. Nevertheless, even the most level-headed among us can sometimes go a bit wild and it's comforting to know that if you ever do decide that this is the year you're heading off to Sydney for Mardi Gras, at least you won't be paying an extortionate rate of interest.

So, if the interest rate you are currently paying is over the odds, you might be better off applying for a cheaper card. But don't look to the High Street banks - these change their rates infrequently and are rarely competitive. The best standard rates around at present are from [Cahoot](#) and [Intelligent Finance](#), which offer APRs of, respectively, 7 per cent and 8.9 percent. If you want an introductory rate of 0 per cent on new purchases for the first six months, [Capital One](#), [Co-operative Bank](#) and [Nationwide](#) are all competitive. After six months, the Capital One APR reverts to 11.5 percent, while the other two revert to an APR of 13.9 per cent. [Egg](#) currently offers a similar deal, but this is scheduled to finish at the end of March. Special deals come and go frequently, however, and some of these may have been bettered by other providers by the time you read this - far the pick of the offers currently available, you should check the tables of best rates published every weekend in the finance pages of the broadsheets.

Instead of putting your larger purchases on your credit card, you may be tempted by 'interest-free' deals offered by the stores. Be very careful with these - read the small print, ask questions and make sure that you understand exactly how the plan works before you sign up. In the worst cases, you could find that if you don't pay the entire amount within the interest-free period, not only are you tied in to a high-interest loan for several years, but the interest is also *backdated*.

As for store cards, these vary greatly in the interest they charge, but are generally much more expensive than credit cards. An APR of 30 per cent is not uncommon.

You may be tempted by the idea of consolidating your debts. But be very careful and get professional advice before signing up for anything. The companies that advertise these services on television can be bad news - rates may be high, you may have to pay for compulsory insurance and the loan may be secured against your home, putting it at risk if you fall behind with repayments. If you feel consolidation is the best route, however, look for a low interest unsecured personal loan - [Abbey National](#), [Sainsbury's](#) and [Tesco](#) are all offering good rates at present.

And if you are in over your head, seek help. Don't pay for debt counselling, however - there are a number of charities and voluntary bodies offering free advice. [National Debtline](#) (0808 8084000), the [Consumer Credit Counselling Service](#) (0800 138111) and your local [Citizens Advice Bureau](#) all give free advice.

Louis Letourneau , MA is an experienced independent financial adviser (IFA), specialist in financial planning and wealth management. He founded Rainbow Finance in 1995 and has consistently challenged financial companies and Government on their attitudes to gays, lesbians and same sex couples and was instrumental in the Inland Revenue to changing its guidance notes to recognise unmarried couples in pension benefits. His work has also resulted in life insurance companies starting to relax the discriminatory underwriting criteria toward gay men and people leaving with HIV. He was a founder of the Rainbow Research Project which surveys and educates private pension schemes in how they recognise unmarried couples on death benefits. He was also a founder member of the Stonewall Immigration Group (which campaigned for Immigration rights for same-sex couples, achieving a significant victory in April 1997) and helped set up the gaypartners.org initiative with gay.com in early 2001, campaigning for same-sex partnership rights. He speaks regularly on national and local radio.

For further advice on **Pensions, Life Assurance, Investments and Tax** contact Isis Financial Planners:

Freephone Number: 08000 1960 69

or email us on postbox@gayfinance.info

website: www.gayfinance.info and www.isis-financial-planners.co.uk