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Newsletter

THE QUARTERLY NEWSLETTER OF THE BRITISH CHEQUE & CREDIT ASSOCIATION

IN THIS EDITION

HIGH COST CREDIT REVIEW FINAL REPORT PUBLISHED

Despite the concerns that the industry had about the potential outcomes from the review, the final report has proven to be balanced and it has produced a set of recommendations that the industry can live with!

Where did it all start?

The long awaited and much anticipated High-Cost Credit (HCC) Review Final Report was published on Tuesday 15 June 2010. As many members will recall, the review was launched in July 2009 following a consultation on the scope of the review by the OFT of unsecured consumer credit in April 2009. The reason for it, the OFT said, was following *'concerns that consumers of high-cost credit, including many on low incomes, suffer from a lack of options when seeking credit, that the price they pay for credit is too high and that the recession had limited suppliers' willingness to lend money.'* 'High-cost credit' included payday lenders and other short term loan providers, pawnbrokers, home credit providers and rent to buy creditors (the OFT acknowledge that there is no formal or accepted definition).

A 97 page interim report (excluding annexes) was published in December 2009 entitled, *'Review of high-cost credit Interim Research report OFT1150'*. In previous editions of the newsletter we have reported on the progress of the review.

The final report (which was a mere 57 pages in comparison to the interim report, excluding the annexes) made positive reading. A lot of misconceptions about 'APR's' were addressed - and it even highlighted the fact that consumers better understand the total amount payable rather than the APR which is no surprise to us! The report commented that *'many consumers find APR's a confusing measure of cost and find the total repayment amount a simpler and more understandable measure.'*

In addition, the case for price controls was examined but **NOT** recommended. Within the report the OFT stated that they had concluded that price controls *'would not be an appropriate solution to the particular problems found in these high-cost credit markets.'*

Significant findings

The OFT described the high-cost credit market as *'significant and valuable'* and stated that in 2008, loans to consumers totalled £7.5 billion!

The report stated that the markets for high-cost credit work *'reasonably well'*. The OFT concluded that;

- Suppliers have met demand for easier access to their products
- They fill a gap in the market not served fully by mainstream financial suppliers
- There is evidence with some products that lenders show forbearance with repayment difficulties and do not penalise borrowers when payments are late or missed, and
- The level of complaints from consumers is low.

The BCCA is pleased to see that the report has highlighted what we believe are the significant benefits of our member's products. Recent comments following the report acknowledge the advantages that high-cost lenders bring to the credit market. Tim Moss, head of loans and debt at moneysupermarket.com is reported to have said that *'it is easy to get trapped in a middle class mindset and overlook the millions of people who are excluded from mainstream credit. It's too glib to suggest that those that can't get credit from a mainstream bank or credit card company shouldn't be able to borrow.'* He also went on to comment that *'The reality is that for a loan of a day or two, payday loans can be cheaper than an unauthorised overdraft from a major bank'* – an argument that the BCCA has put forward for several years now.

The Recommendations

The report did make a number of recommendations (under four themes – see below) but the OFT did acknowledge that whilst they could result in improvement, more radical approaches to what the OFT described as *'relatively deep seated cause for concern'* would need to be considered by government as it fell outside their scope. However, the OFT did make the following recommendations;

Helping consumers make informed decisions on high-cost credit

- *We recommend that the Government ensures that financial literacy programmes, including but not limited to the Consumer Financial Education Body's Moneymadeclear guidance service, cover high-cost credit products as well as mainstream financial products.*
- *We recommend that the Government works with industry groups to provide information on high-cost credit loans to consumers through price comparison websites. If this cannot be undertaken on a voluntary basis, the Government should consider the case for introducing legislation to create a single website allowing consumers to compare the features of home credit, payday and pawnbroking loans alongside credit unions and other lenders in their local area.*
- *We recommend that the Government explores whether there is scope under the European Consumer Credit Directive for a requirement that high-cost credit suppliers must include 'wealth warning' statements on advertisements for high-cost credit.*
- *Future legislation and regulations for consumer credit should take into account the needs, preferences, abilities and behaviour of consumers of high-cost credit as well as that for consumers of mainstream credit. We recommend that the Government considers the value of further behavioural research into such consumers when making any future legislative change in this area.*

Increasing the ability for consumers to build up a documented history when using high-cost credit.

- *We recommend that the Government works with credit reference agencies to explore ways in which payday lenders and rent-to-buy suppliers could provide suitable information to credit reference agencies about payment performance of their customers, in turn allowing those with good payment records to use mainstream lenders more easily in the future.*

Enhancing understanding of developments in the high-cost credit sector

- *We recommend that the OFT collects essential information on the high-cost credit sector, such as the volume, value and pricing of credit, levels of repeat business and defaults among customers as needed. This will help OFT understand the effect of its recommendations and provide better evidence for future policy making.*

Promoting best practice among suppliers of high-cost credit

- *We recommend that the relevant trade associations for home credit suppliers, payday lenders and pawnbrokers establish a code or codes of practice covering best practice policy in a number of areas. Such a code could include:*

  - complaints processes and advice to customers

  - policies on rolling over of loans

  - rules of thumb on typical limits for amounts to lend to consumers

  - guidance on avoiding misleading consumers through advertisements, and

  - steps to ensure that consumers are aware of the ultimate owners of brand names.

Once the OFT starts the process of implementing the recommendations noted above, the BCCA will endeavour to work closely with them to achieve a balanced and workable approach for the industry.

OFT concerns

Within the report, the OFT did express some concerns regarding the high-cost credit markets which arose from the review. This essentially concerned the effectiveness of competition in these markets.

In summary these were:

- *on the demand side, there is relatively low ability and effectiveness of consumers in driving competition between suppliers, given their low levels of financial capability*

- *on the supply side, sources of additional supply such as mainstream financial suppliers seem to be limited, and*

- *in such circumstances, competition on price is limited and there appear to be some suppliers charging higher prices than would be expected.*

Summary

Overall, the BCCA was reasonably satisfied with the outcomes of the review. As alluded to the above, the BCCA will work with the OFT as they embark on the implementation of the recommendations and we will keep members appraised of progress.

BCCA AGM & CONFERENCE

When: Tuesday 9 November 2010

Where: Marriott Forest of Arden Hotel & Country Club, Warwickshire

Unbelievably, the BCCA Conference 2010 is just months away even though it feels like it was only yesterday that we were heading up to Birmingham for the 2009 event!

This year we are focusing on business development, hence the title *'A Time to Grow.'* We believe that it's important for our members who have bravely survived the recession to be given the opportunity to consider how best to develop their business and safeguard it from threats in the future. We have a number of speakers at the Conference including Yohan Lobo from Barclaycard providing delegates with an insight into how to obtain merchant facilities and the rules surrounding this. We also have Frank Nesbitt and Steve Mackle from Tait Walker Forensic Services team giving delegates tips on how to protect their business from internal fraud. We have Deborah Lillis from Lethal Marketing who will also be providing delegates with information on marketing both on the high street and online and Simon Hatch & James Wetton from the Fortress Group will be explaining to delegates the online payday lending experience.

The event will be sponsored by FIS Merchant Payments (Transax and CL Verify are part of this group) and CoreLogic Teletrack (previously Teletrack) with The Nostrum Group sponsoring the conference lunch.

Like last year, we are offering an early bird discount to members. Up until Tuesday 31 August **members will only be charged £25 (inclusive of VAT). We would encourage members to take advantage of this offer.**

As the new Chief Executive, I am very keen to meet as many members as I can and put faces to names. Hopefully conference will provide me with an opportunity to do this.

I very much hope to see you there!

Rachael

For more Conference information and pictures of the venue please go to our website www.bcca.co.uk

PTO for booking form

BCCA Conference and AGM 2010

A Time to Grow

Reservation Form

Price (VAT included):

Early bird – bookings before September 1st
£25 (available to members only)

Bookings from September 1st
BCCA members £39.95 – Non-members £176.25

Please complete and return, along with your cheque, to:
BCCA, PO BOX 3414, Chester, CH1 9BF

Please reserve ______ place(s) at the BCCA AGM and Conference

on Tuesday 9 November 2010
at The Marriott Forest of Arden Hotel & Country Club,
Maxstoke Lane, Meriden, Warwickshire, CV7 7HR.

I enclose a cheque made payable to BCCA Ltd for £_________

Name of delegate(s) ____

Company name ____

Address ____

____

______________________________ Postcode ______________________

Telephone no ____

Please inform us if you have any dietary requirements.

Please kindly note that refunds can only be issued
14 days or more before the Conference date.

A VAT receipt will be sent acknowledging your reservation within 14 days.

If you do not receive a receipt please contact Lindsay on 01244 505 904.

CLEGG LAUNCHES FREEDOM BILL - WHILST CAMERON REVIEWS HEALTH AND SAFETY

It was inevitable that the coalition government would come up with some interesting ideas. And already, in its infancy, Clegg's Freedom Bill has attracted much public interest and indeed amusement.

The Bill is designed to wheedle out archaic and restrictive laws put in place by Labour and the Tories which, Clegg said, impinge on the civil liberties of UK citizens. It will also determine which regulations should be changed to make running a business or organisation as simple as possible.

On 1st July, Clegg urged members of the public to nominate the laws and regulations they felt affected their liberties and that they would like to see repealed, by submitting ideas onto a government website. However, the law of unintended consequences played its part as what followed was described by the media as a "farce". Members of the public submitted an array of wacky and controversial suggestions which included; *(1) End the ban on marrying a horse, (2) Remove all speed limits on motorways, (3) Bring back the death penalty (4) decriminalise magic mushrooms* (Source: Daily Mail).

Target areas for change already identified by the coalition (that are more likely to go ahead) include the scrapping of the ID Card Scheme, the removal of all innocent people from the DNA database and new regulation of CCTV's to protect privacy.

The Freedom Bill, dubbed *'the biggest shake-up of the country's democracy since the Great Reform Act of 1832'*, will be published in autumn.

End of the 'compensation culture'

David Cameron has recently announced plans to review the health and safety laws that were put in place by the

Labour government, with the help of former Tory Cabinet minister, Lord Young. The intention - to put an end to Britain's 'compensation culture.'

As reported in the Daily Mail, Cameron said, *'The rise of the compensation culture over the last ten years is a real concern, as is the way health and safety rules are sometimes applied. We need a sensible approach that makes clear these rules are intended to protect people, not overwhelm businesses with red tape.'*

And we couldn't agree more. Businesses are over burdened with legislation of this sort which makes it more difficult and risky to run a successful operation. All regulatory compliance takes times. Any attempt to reduce the red tape can only be as good thing. Only time will tell if this new initiative by our new coalition will materialise into anything of substance.

NEW CONSUMER CREDIT REGULATIONS EXPLAINED

The Consumer Credit Regulations have arrived and we asked Helen Ward of Alizarin Associates to provide a summary of the key provisions.

'Since the new Consumer Credit Regulations, implementing the EU CCD, were laid in Parliament BIS has issued some draft guidance, including some expanded guidance on early settlement. There are five sets of implementing regulations, covering Total Charge for Credit, Advertisements, Disclosure of Information, Agreements and the general regulations - "EU Directive".

*Lenders are **required** to comply with the implementing regulations from **1 February 2011** for all agreements entered into on or after that date but **may comply** from 30 April 2010. There are some transitional arrangements in place, broadly divided into three categories as follows:*

- ***Open-end** agreements entered into before **11 June 2010***
- ***Open-end** agreements entered into between **11 June 2010 and 31 January 2011***
- ***Other agreements (not open-end)** entered into between **11 June 2010 and 31 January 2011***

The following summarises some of the key changes, but it should not be taken as an exhaustive list.

Credit Advertisements

*Advertisements including any indication of cost will need to provide a representative example (to include certain specified standard information which should be clear, concise and presented together). The "representative APR" should be applicable to at <u>least 50%</u> of those responding to an advertisement. Currently, the typical APR applies to at least 66% of those responding. Advertisements must include the name of the advertiser, be easily legible or audible and not be misleading or contravene the 2008 CPRs. **Each** item of the standard information should be given equal prominence and this replaces the current requirement in respect of the typical %APR.*

*Advertisements that indicate in any way that credit is available to <u>non status consumers</u> will have to display a representative APR, but this will not in itself trigger the requirement for the rest of the specified standard information. However, the representative APR **will in this situation** be required to be displayed with greater prominence than the relevant indication, and must be accompanied by the word "representative".*

Pre-Contract Information – otherwise known as the 'SECCI'

The information required to be given to the consumer as part of the agreement and/or pre-contractual information is largely in line with existing UK regulations, however under the CCD the <u>pre-contractual information must be provided in a prescriptive format with more flexibility in the agreements itself</u>, which is a reversal of current UK practice (introduced in 2005). This means pre-contract information will, in most cases, be by use of the Standard European Consumer Credit Information form (SECCI). Additional written information "relating to the credit" provided by the creditor must be provided *with the SECCI but in a clearly separate document.*

Separate provisions apply in respect of pre-contract disclosure on telephone contracts and non telephone distance contracts (so this will include on-line contracts). In the case of a distance contract concluded by telephone the full regulation 3(4) information must be provided before the agreement is entered into, unless the borrower has explicitly agreed to receiving the more limited information in regulation 4(2). However the full pre-contract credit information must be provided by means of the SECCI immediately after the agreement has been entered into.

Credit Agreements

There will no longer be a requirement in the agreement to sub-divide information into key financial information, key information and other financial information. There are some disclosure requirements for agreements, including a statement that the borrower has a right to repay the credit early in full or partially, what the borrower needs to do to exercise this right; whether the creditor would be entitled to any compensation and the basis of calculation. All regulated agreements must contain a statement explaining that the borrower has recourse to the Financial Ombudsman Service, and a statement indicating how and when the credit is to be drawn down under the agreement.

The consumer has a right to request a copy of the draft agreement. The creditor will be required to give a copy of the executed agreement to the borrower once the agreement has been made, but this will not be necessary where the creditor has given the borrower a copy of the unexecuted agreement and this is identical to the executed agreement, providing the creditor notifies the borrower of certain information in writing.

(BCCA members will be able to purchase (at a nominal charge) consumer credit agreements that comply with the new regulations, which will be badged with the BCCA logo. We will be writing to all members soon about how to purchase these).

Adequate Explanations

*There is a **new requirement** – the detail of which was outlined in the article on the OFT's Guidance of Creditors on Irresponsible Lending – to **give consumers adequate explanations about key features of the credit agreement prior to it being concluded.** These will include the right of withdrawal, cost, features which may make the agreement unsuitable for particular types of use, delitescent features, effects of default. Consumers must be given an opportunity to ask questions. Lenders will also need to advise consumers to consider the pre-contractual information, where this is disclosed in person the borrower must be able to take it away. If these requirements are fulfilled by an intermediary the creditor has ultimate responsibility for ensuring that the required advice/explanations have been given.*

Assessment of Credit Worthiness

*A further **new requirement** adds a new clause 55B into the Consumer Credit Act and requires **lenders to check consumers' creditworthiness** before any advance of, or increase in, credit. Lenders are required to base their assessment on sufficient information from the borrower, <u>where this is appropriate</u> and from a credit reference agency <u>where this is necessary.</u>*

In addition to these new requirements consumers will benefit from enhanced consumer rights:

- *a right to make partial early repayment*
- *a 14 day without penalty cancellation period*
- *right to request, at any point during a fixed term loan, an amortisation table*
- *an extension of the existing section 75 CCA 1974 allowing the consumer to pursue the creditor if he has purchased goods/services using a credit agreement, there is a problem and the supplier appears deficient in responding*

Total Charge for Credit

The new Consumer Credit (Total Charge for Credit) Regulations 2010 detail what should be included in determining the total cost of credit and how this is then used to calculate an APR. Some of the differences from the 1980 regulations include time periods used in the calculation, expression of APR to an accuracy of at least one decimal place.

Right of Withdrawal

Borrowers will have a new right to withdraw from a credit agreement without giving reason within 14 days, and must pay back the amount of the credit and any accrued interest "without undue delay" no later than 30 days after having given notice. Notice of withdrawal may be given orally or in writing. The credit agreement must therefore provide the necessary information for the borrower to withdraw from the agreement and repay as required, and should indicate the amount of interest payable per day expressed as a sum of money and how and to whom the repayment must be paid.

Partial Early Repayment

A borrower wishing to make a partial early repayment must make this clear and give notice to the creditor, either orally or in writing, although such notice can be given before, at the same time or even after a partial early repayment is made. Regulations state that the borrower may benefit from a rebate by making a partial early repayment. A new requirement is that the borrower has the right to request information from the creditor about the effect of the partial early repayment, either at the time of making the payment or afterwards. The creditor should meet any such request within 7 working days of payment being made, but there is no requirement to do so *<u>until payment has been made.</u>*

The information in this article is not intended as legal advice nor is it a complete summary of ***all*** *the new sections. An indication of the level of detail in the requirements is shown in the BIS guidance which runs to some 73 pages, some of which needs reading in conjunction with the previous issued Guidance for creditors on Irresponsible Lending from the OFT.'*

This article has been written with the assistance of Helen Ward from Alizarin Associates. The core specialism of Alizarin Associates is providing **bespoke services** to consumer credit focused businesses and organisations to assist them to **identify and manage regulatory risk and enhance regulatory compliance.**

Please contact Helen Ward (tel 07760 885 481 or e-mail helen.ward24@btinternet.com) to discuss any requirements you may have.

FOS COMPLAINT OVERLOAD!

Over the last few years, awareness of FOS has been growing. And as a result their latest report shows a record number of complaints. The report outlines FOS's activities and role during the 2009/10 financial year with statistics on consumer enquiries, complaints and cases it has dealt with.

Chairman, Sir Christopher Kelly, said that last year's 2008/09 review came off the back of unprecedented levels of uncertainty in the financial markets, with financial businesses and their customers facing challenges as a result of the economic recession. After a similar economic climate followed this year, 163,012 new cases were received, which was 9% more than forecast and 28% more than the previous year's record number. In fact, it was the highest number of new cases received during any year in their 10 year history. Not only had the FOS received the highest number of complaints, they also reported that they had settled and closed a record number too – 166,321.

Kelly said that the rise in complaints was '*driven by the* *continuing surge of complaints about payment protection insurance (PPI) and high levels of complaints relating to current accounts.'* After the number of PPI complaints tripled in 2008/09, they increased again this year by 58% to 49,196 cases, making up 30% of the FOS's total workload. Current account complaints also increased, almost doubling to 25,000 cases.

Kelly said that a significant proportion of current account complaints involved consumers in financial hardship – again reflecting the economic climate and the harsher times faced by many consumers and businesses.

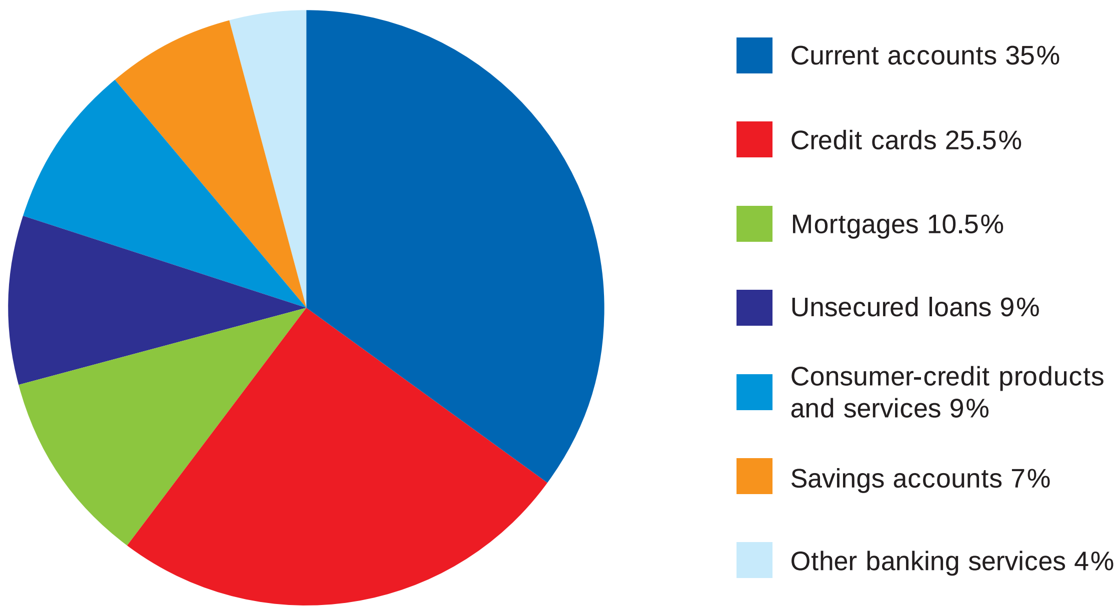
Newly appointed CEO, Natalie Ceeney, attributed the increase in complaints in general to the way new technology had indirectly encouraged some members of the public to complain when they previously may not have done. She said:

"In a world of iPhones and Twitter, consumers are becoming increasingly confident. They feel more empowered to ask questions, shop around, assert their rights, share information with others - and to complain when they are not happy."

Ceeney said FOS had also recently widened its remit to cover complaints about 'sale and rent-back' schemes, 'reclaim funds' and 'money-transfer operators.'

What is interesting is that consumer credit complaints only represent a small proportion of the total amount of complaints received (displayed in the pie chart, produced by FOS, below). It would also suggest, based on previous findings, that a very insignificant amount of those complaints regarding consumer credit would actually involve the payday lending sector. Whilst speculative, we would suggest that complaints surrounding higher value consumer loans are likely to make up the largest portion.

As of 1 June FOS reduced the deadline period for financial businesses to submit file papers for complaint cases from 21 day to 14. FOS said that it was not an arbitrary change but one that reflects how case allocation times have now been reduced meaning the whole process is speedier. Peter Bristow, FOS's Relationship Manager for smaller businesses, said that their ability to now deal with complaints quicker was put down to the fact that the FOS now has *'increased numbers of fully trained and effective staff and are using more streamlined working methods.'* The change will exclude PPI mis-selling complaints.



Complaints about banking and credit made up 44% of the total number of new cases. This chart shows how these banking and credit complaints were spread across different products and services.

(Source: Annual Review, Financial Ombudsman Service)

FSA clamps down on complaint handling

Changes to consumer complaint handling have also been a top concern for the FSA recently, after they found shameful weaknesses in the practice of five banks.

The FSA conducted a review which looked at several banking groups responsible for over 70% of the complaints firms receive and report to the FSA and over 60% of those resolved by the FOS.

The review found poor standards in customer complaint handling within most of the banks that it assessed, including inadequate investigations, poor decision making and unsatisfactory correspondence with customers. It also revealed that banks failed to learn from previous complaints and how some customers had to restate the same complaint a number of times.

However, the FSA said that examples of good and compliant practices were also found in parts of some of the banking groups assessed, demonstrating that it is possible for banks to handle high volumes of complaints and deliver fair outcomes for consumers.

Dan Waters, the FSA's director of conduct risk, said:

'While we found some good practice, there is clearly evidence of unacceptable standards of complaints handling in banks. Delivering change in this area is a major priority and we are determined to use all the tools available to us to ensure that banks comply with our rules.'

An outcome of the report, was that the FSA published a 'complaints handling assessment template' and is now reviewing whether it needs to make changes to its existing rules on complaint handling. Its proposals are due to be published in the third quarter of this year.

(Source: www.fsa.gov.uk)

FROM COMPLIANCE TO CASH – THE REAL VALUE OF IDENTITY

As our members are aware, customer identification is an integral and necessary part of their business. Here Spencer Lynch from GB Group explains the importance of Identity Management.

'The idea of proactively managing identity has emerged out of the developing need for organisations to 'Know Your Customer' (KYC). Widely used first by financial institutions to target the funding of criminal organisations and later by the other industries, such as gaming, to safeguard access to age-restricted goods and services, KYC has rapidly developed into the whole field of customer relationship management (CRM).

While CRM has developed to help organisations identify who they may be doing business with, as well as how frequently, where, how and for what products, Identity Management has been developed to intersect with and strengthen the knowledge of exactly who each customer is and how the personal information they volunteer about themselves may actually help identify increased sales, cross or up sell opportunities.

Businesses spend billions each year securing their systems and marketing their wares. By contrast, few businesses count the cost of customer acquisition, retention and loyalty or how much incorrect identity information costs them in fraudulent transactions, lost sales, dissatisfied customers or damaged reputations.

Online transactions

The development of the Internet and remote service technology has seen the financial services sector dealing with more and more "virtual" transactions. This has led to a requirement of the industry to prove that its customers are who they say they are. A company should be cautious if relying solely on an ability to link, in some cases tenuously, a name and/or address to a bank account, as this is only one small part of an account opening process which can be prone to fraudulent activity, especially in a virtual environment. Looking at many different sources of data will give a much more accurate picture, increasing your confidence tenfold.

Problems with credit data

A business that interrogates and relies on credit data; first to achieve their AML (anti-money laundering) requirements, then to assess the applicants affordability, should be aware that there may be negative consequences later during the relationship with your customer, typically manifested with increased levels of default payments, fraud, and a reduction in repeat business from the same customers.

In order to embrace KYC, identity verification must sit at the heart of the customer engagement process. If the customer is proven to be who they say they are from the outset, not only will regulatory requirements be met by default, but the impact on the business of a retained, loyal customer base will be huge.

Other forms of identification

Identity Management pulls together the widest possible view of a person's identity to support key decision-making processes. Identity Management also enables organisations to consider indications of behaviour such as previous purchases, web pages viewed, levels of profitability associated with an individual customer or potentially fraudulent activity including their propensity to pay based on their previous transactional history.

If the risk looks good, then they become a customer. Identity Management solutions offer the ability to capture key contact information, including telephone, mobile or email, at the first point of registration and then maintain these on an ongoing basis for maximum accuracy. Where this data has not been captured, it is also possible to append the necessary information retrospectively – at a fraction of the cost of manually collecting the information from each customer. Landline, mobile and email validation services ensure registered identity information is validated from the first point of engagement.

Trigger based marketing

Understanding and targeting customers with offers which are likely to appeal to them, at the most optimum time of their purchase decision is key in building long lasting relationships and loyalty. Trigger based marketing, based on a customer's last interaction with your organisation helps to increase customer retention and share of wallet.

Identity Management encompasses the entire customer lifecycle, including identifying and re-activating former customers who may have moved on, leaving outstanding debts or dormant accounts.

In summary, Identity Management offers a means by which public and private sector organisations can manage personal identity information across multiple areas in a transparent, secure, efficient and responsible manner that puts the trust back into business relationships.'

For further information about GB Group's Identity Management solutions, please contact Spencer Lynch on 07976 538 468 or email spencer.lynch@gb.co.uk (www.gb.co.uk)

CIFAS LABELS BANK ACCOUNTS FRAUDSTERS' 'FINANCIAL PRODUCT OF CHOICE'

Bank account fraud has increased for the second year running, according to a recent report by CIFAS, the UK's fraud prevention service. 16,000 cases have been recorded in the first five months of 2010. This is 1% higher than the number of cases recorded for the same period in 2009, which saw a 42% rise in bank account fraud when compared with 2008's figure.

The service linked the continual increase to the financial uncertainty of some individuals, created by the recession.

More sophisticated fraud was also found to be taking place involving gangs persuading vulnerable members of the public to allow them to use their bank accounts to launder the proceeds of their crimes. CIFAS said that many of those targeted by gangs in this way are unwitting accomplices as opposed to those who are bribed or paid to do it. Some targets reported being approached by 'online merchants' or individuals that they believed they could trust, only to find out later that they had been used as money laundering 'mules.'

Dean Bove, CIFAS Communications Officer, said:

'These figures demonstrate that a bank account is not just an attractive target for the fraudster looking to siphon off other people's money. Legitimately obtained accounts are increasingly targeted by organised criminals trying to hide their criminal proceedings within the financial system. With the sophistication of today's organised fraudsters, consumers must be very wary of agreeing to conduct financial transactions on a third party's behalf.'

(Source: CIFAS)

WHISTLE BLOWING PROTECTION

Whistle blowing protection is becoming an increasingly important tool for employers. In fact a recent survey conducted by Grant Thornton UK LLP, who researched 500 privately owned businesses found that 54% of businesses now have dedicated whistle blowing hotlines and according to Walker Morris this is a 35% increase on last year's figure.

David Smedley from Walker Morris explains more:

'Most employers are aware that workers are entitled to 'blow the whistle' on practices in the workplace which give them cause for concern and that they have protection from being dismissed or suffering other detrimental treatment as a result. The regime is quite strict and the information disclosed must, in the reasonable belief of the worker, tend to show that one of the following has occurred, is occurring, or is likely to occur:

- *a criminal offence*
- *breach of legal obligation*
- *miscarriage of justice*
- *danger to the health and safety of any individual*
- *damage to the environment*
- *the deliberate concealing of information about any of the above*

Where an employer has a whistle blowing policy, the worker must follow that policy in order to obtain employment protection. The employer can nominate individuals within its organisation to who whistle blowing disclosures may be made, which means that employers have the opportunity to deal with issues internally, at least initially, rather than disclosures being made to external bodies or to the media.'

For more information please call 0113 283 2500 or email david.smedley@walkermorris.co.uk

iPad REVIEW: THE CONTROVERSIAL APPLE NEWCOMER THAT GOT US ALL DIVIDED

Ever since C.E.O and co-founder of Apple, Steve Jobs, introduced the iPad, gadget enthusiasts all over the world had been brimming with anticipation for its market release. On 28th May, the wait was finally over for its British fans when the iPad was introduced to selected UK stores, most of which opened their doors at 8am to queues that had begun to form the previous afternoon. The release in the UK came weeks after the American release, due to UK supplies initially being diverted to the U.S. following an apparent high demand. But for as many people raving about the new tablet computer, there seems to be as many sceptics questioning what makes the iPad any different from everything else we've seen before.

The good....

The iPad was designed to primarily surf the web and download music, films, books and newspapers on the go, whilst bridging the gap between the SmartPhone (mobiles that are no longer limited to making voice calls; often with PC-like functionality) and the laptop and, in many ways, it does. Unlike the iPhone, the iPad's 9.7 inch high resolution screen means that you can read novels, watch films, browse web pages and read and compose emails on a screen that will sit comfortably on your lap but, most importantly, won't make you squint. Gamers in particular will enjoy the iPad's larger screen, with most games in HD quality. Unlike the netbook, the slim line iPad has the additional advantage of its touch screen facility which can easily turn a page or zoom in and out with the swipe of a finger.

the bad....

Critics have been quick to point out though that, despite the initial advantages, a big problem arises in the fact that the iPad is unable to perform the key, necessary functions of both the SmartPhone and the laptop. Unlike the PC, the iPad has very little connectivity with no USB port or disc drive and, unlike a SmartPhone, you cannot make telephone calls from it or take photos. What it can do though is sync to both an iPod and iPhone, which could be viewed as Apple's attempt to create their own technological universe in which each Apple product neatly connects with one another. With this in mind, the iPad could be passed off as more of a collector's item of the Apple brand than a piece of technological genius on its own merits. We would guess, therefore, that the chances are that those people queuing up at midday the day before its release already own an iPhone, an iPod, or both.

and the cost...

According to our research, it would seem that the cost of the iPad varies, with the cheapest version selling at £429 and the most expensive at £699. Many may find the additional cost of £15.99 per downloadable book a little ridiculous; particularly as the eBook app is one of the iPad's most resounding features. At a more reasonable price though is 'The Times' app at £9.99 a month, allowing the user to get the full newspaper experience directly on their screen, particularly useful for the businessperson on the go.

In the Daily Mail, Apple fanatic Stephen Fry, was quoted as saying the tablet's beauty lay in its impact on culture and lifestyle *rather* than as a technological breakthrough; and how true this seems. Although not a necessity, the iPad's quirks and sleek design will undoubtedly enhance a user's computing experience, possibly explaining how it has managed to sell a million copies in its first month in the U.S. Whether the IPad will continue to sell quite so well in years to come, still remains to be seen though.

CORRECTION In the Spring edition of the newsletter we stated that, in the article, 'Overdrafts – helping keep Britain in the Red' the OFT estimated that the high cost credit sector was valued at up to £35 million annually.' It should have read, '£35 billion annually.'

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