



Money.net warns credit rating at risk when consumers switch current account

Money.net, July 19, 2005

URL: <http://www.pr9.net/business/financial/2005july.html>

Changing current accounts can jeopardise credit histories and give consumers more headaches than benefits, says Money.net

PR9.NET July 19, 2005 - As Barclays Bank turns up the current account heat with the launch this week of a new, features-laden current account, online financial data analysis company Money.net (<http://www.money.net.co.uk>) warns consumers to look before they switch.

"On the face of it, the new current account offering from Barclays looks attractive," said Money.net Chief Executive Richard Brown.

"The bank has admitted it wants to poach customers from its competitors by rolling out a range of benefits that it claims are worth around £1,000 a year if you take advantage of them – but we feel borrowers should be very cautious when considering switching current accounts.

"Despite what lenders say, it is nothing like as straightforward as hopping from one credit card to another, and there is a real danger that account holders can jeopardise their all-important credit rating, as one of the key questions asked by lenders as part of their credit scoring process is "how long have you held your current account?" – a short period of time with your bank could result in a reduced credit score.

"And there are one or two other issues with the Barclays offering: the interest free overdraft facility and the interest free Barclaycard for ten months will probably appeal to people who want interest free borrowing. But with UK consumers now in the red to the tune of around £1 trillion pounds, we feel concerned that lenders are inviting account holders to rack up yet more debt.

"If you do borrow money via this account, the sensible option is to clear the debt within the 10 months' time frame. And borrowers should also bear in mind that there are many products on the market offering interest free credit deals for at least the same period as the Barclaycard proposition," said Brown.

"We are likely to see a lot more accounts with bells and whistles such as this new offering from Barclays - the current account market is worth billions to the banks and is intensely competitive.

"But our view is that borrowers should examine their real reasons for switching accounts, and ask themselves whether it is worth trading customer loyalty with their existing provider for a leap into the unknown," said Money.net chief executive Richard Brown.

###

About Money.net

Money.net.co.uk is the UK's most established personal finance research and data website. The company offers consumers a wide range of low cost financial products: from mortgages and personal loans; to car, home and medical insurance; credit cards; savings accounts and best-buy fixed rate products. Money.net.co.uk is an ethical, impartial and comprehensive source of consumer finance information, covering the whole of the personal finance sector.

Money.net was founded in 1997 by Chief Executive Richard Brown to simplify the personal finance market and provide consumers with impartial and interactive information on financial products and services.

Phone: 0208 313 9030
Website: <http://www.money.net.co.uk>
E-Mail: online@money.net.co.uk
Address: 2nd Floor, Sussex House, 8-10 Homesdale Rd, Bromley, Kent. BR2 9LZ