

50 MONEYMAIL COMMENT

Daily Mail, Wednesday, April 29, 2009

Failed by FSA apathy

YET again the Financial Services Authority has stood by while investors are misled and see their life savings destroyed. It is hard to imagine the distress that people like the McCarty family must feel when the money they have saved for their future is squandered by Barclays. It is also hard to expect the regulator to expect people to be so glibly misled. The regulator has a duty to protect savers and has failed to do so in this case. It is not over-zealous and greedy

the **LAST WORD**
by Tony Hazell
PERSONAL FINANCE COLUMNIST OF THE YEAR



Barclays... in fact, the... advice... of these customers.

Specifically the advice contravenes two fundamental rules of investment. The first is that it is foolish to put all of an investor's money into one fund; instead, the money should be spread around a range of investments. The second is that risk should be reduced as people approach retirement. Barclays actually increased the risk these investors were taking to such an extent that it went completely off the scale. It scarcely seems credible that after so many mis-selling scandals in the past, investors are still able to be so misled. And it is beyond belief that the FSA has shown so little interest in these events despite being alerted to them by Money Mail. Investors may wonder what the FSA's 2,800 staff, who are in line for bonuses and pay rises totalling £33 million this year, are doing for their money. This scandal reveals not only the depths our banks will plumb in order to wring money out of their most trusting customers. It also exposes the ineptitude of the regulator which seemingly has little idea of how to prevent savers being sweet-talked out of their life-savings. ■ IT'S REFRESHING to be able to report some good news for savers. Following a long campaign, it seems that banks and building societies will at last be forced to inform savers of when bonuses are to be removed from their savings accounts. Money Mail has for many years argued that bonuses are simply a way of circumnavigating the highly flawed Banking Code. Banks use them to

lure in savers with high interest rates knowing they can cut them by removing the bonus. Until recently, Money Mail refused to allow accounts with bonuses into its best buy tables because we felt they were highly misleading. But in today's low-interest-rate environment, we feel it is essential to include them. We have many times requested that banks and building societies should inform their savers when a bonus is about to end. But they have refused. So it is good to see that when they are fully regulated, they will have to treat their savers properly. It also seems that banks will be forced to speed up cash Isa transfers. This is another issue which Money Mail has highlighted since 2003, but which the banking industry has only recently taken seriously. But it is a case of better late than never. ■ PLEASED as I am to see the Isa limit being raised from October, I cannot see why it is being restricted to the over-50s this year. The amount of money this will save is small. It seems to be unnecessary discrimination and will add to the administration burden for providers. One interesting point is that the over-50s can take advantage of the higher limits immediately, as Hargreaves Lansdown points out. If you're a regular saver, then simply increase your monthly savings immediately and, as long as you don't go over the old Isa limits before October 6, you will be perfectly OK. t.hazell@dailymail.co.uk