

# resolution

## IN THIS ISSUE

EDITOR'S COMMENTS

ENDOWMENT COMPLAINTS  
- GONE? BUT NOT FORGOTTEN

BANK CHARGES - AUTOMATED  
DAYLIGHT ROBBERY

CLAIMS MANAGEMENT  
COMPANIES ARE HERE TO STAY

TAKE A MORTGAGE HEALTHCHECK  
FOR PEACE OF MIND

PAYMENT PROTECTION  
INSURANCE - THE BIGGEST  
SCANDAL OF THEM ALL?



**Andy Humphries,**  
*Managing Director*

## EDITOR'S COMMENTS

### Welcome to our first Newsletter.

This year is a landmark in the history of Renaissance. What started as a business helping customers get compensation for mis-sold endowment policies is now a fully regulated Claims Management company which helps customers to resolve a broad range of financial service complaints. We are now helping thousands of customers recover unfair bank charges and get refunds for unwanted Payment Protection Insurance (PPI) policies. This is only the start as we believe that without our service, too many people who have been let down by the financial products they have bought would miss out on the justice they deserve.

We have won over £18million in compensation for our clients. However, the most gratifying of our own statistics is that over 15% of our business comes from personal referrals which we believe speaks volumes about the service and the way we provide it.

We hope you find this newsletter interesting and if you would like to know more about any of the features, please let us know.

## ENDOWMENT COMPLAINTS - GONE? BUT NOT FORGOTTEN

**The number of endowment complaints being submitted has reduced dramatically. This is largely because most policyholders are out of time to make a complaint.**

Most companies have issued letters to clients with a deadline by which they need to make a complaint. Those deadlines have now expired. We believe that less than half of those with grounds for a complaint actually made one. Those who have not already done so have probably missed out. We say that the majority of endowments were mis-sold largely because people didn't understand what they were getting into. In our view using an endowment to repay a mortgage was like betting your home on the stockmarket.

The mis-selling was widespread but the Financial Services Authority stopped short of asking each company to review the cases of its customers. Instead, it was left with individuals to make a complaint. The fact that many did not and will not get compensation means the life companies save billions at the expense of home owners. If you have an endowment but haven't made a complaint you are

probably too late but it is definitely worth checking with your life company.

Whether you have complained or not, the really important thing is to make sure you know how you are going to repay your mortgage at the end of its term. If you still have an interest only mortgage and are thinking you will repay it with your endowment at the end, think again! Shortfalls won't recover quickly and most will never get back on track. We suggest you at least consider moving to a repayment mortgage as soon as possible.



# BANK CHARGES – AUTOMATED DAYLIGHT ROBBERY

**The top 5 banks in the UK made nearly £40 billion in profit last year. That's over £100 million every single day of the year.**

They owe it to their shareholders to increase this year on year. We think they are achieving it at the expense of their customers who are not always treated as fairly as they should be. In the early part of this year there has been much publicity on the subject of “default” bank charges. It is argued that these are penalties imposed because a customer has breached their obligation to stay within their overdraft limit. As penalties, the banks are not able to charge in excess of the costs associated with the breach of obligation. One example is the action of rejecting a direct debit because a customer is over their overdraft limit for which the banks charge £35. This is an automated process and as such probably costs just a few pence and, according to the experts, certainly less than £5. The balance of the charge is therefore unfair.

You may have heard the banks reply that they make their charges clear and they are, in effect, charges for a service and not a penalty so they can charge what they like. To answer the first point – just because you tell someone you are about to do something does not make it right. For example if someone pointed a gun at you and told you they were going to murder you it does not make it legal for them to pull the trigger!

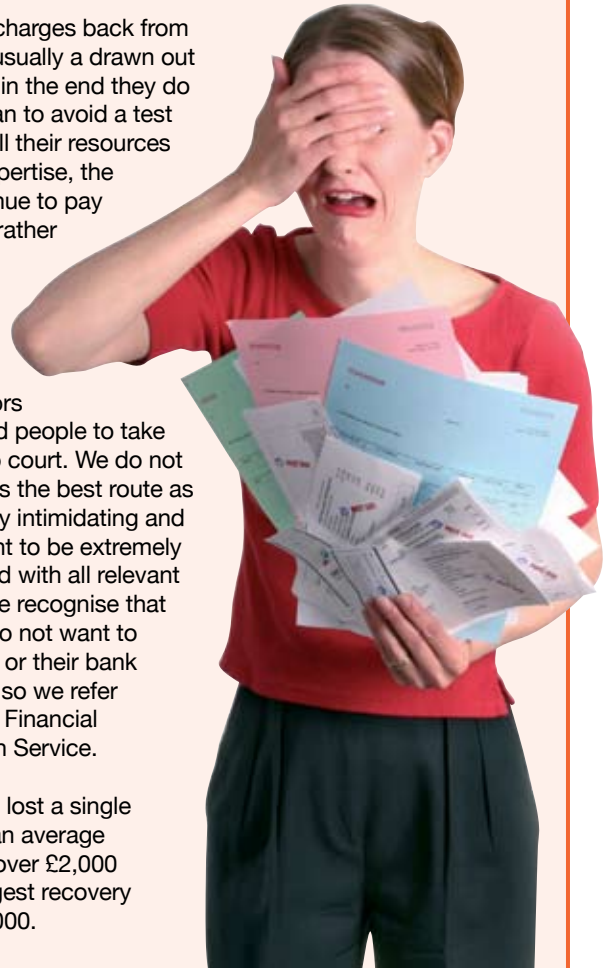
We also think the service argument is thin. Take for example two recent and typical customers. Customer A was temporarily overdrawn and had 4 direct debits for around £1 each going out on the same day. All 4 direct debits were rejected and he was charged £152 for the privilege. Customer B paid a £5 direct debit to Cancer Research each month. One month they were in an overdraft position so they were charged £35 and Cancer Research got nothing. Neither customer has received any benefit from the action of the bank so how can it be called a service? Maybe the service argument would be stronger if in both cases the bank contacted the client to discuss the situation and let

the payments through. The reality of course is that these processes are automated.

Getting the charges back from the bank is usually a drawn out process but in the end they do what they can to avoid a test case. With all their resources and legal expertise, the banks continue to pay out millions rather than go to court on the matter.

Some commentators have advised people to take their bank to court. We do not believe this is the best route as it can be very intimidating and it is important to be extremely well prepared with all relevant evidence. We recognise that our clients do not want to face a judge or their bank in court and so we refer cases to the Financial Ombudsman Service.

We have not lost a single case, have an average recovery of over £2,000 and our biggest recovery is over £23,000.



## CLAIMS MANAGEMENT COMPANIES ARE HERE TO STAY

**Earlier this year, all claims management companies such as Renaissance were required to be regulated by the Ministry Of Justice. We welcome this move as not only does it give customers protection against “rogue traders” but it also helps to develop the reputation of the industry. We know from our own experience that customers really value the service we offer.**

We have never shied away from the fact that many of the complaints we deal with could be handled by people themselves. They CAN and those that do get to keep all of the compensation. But for

those who do not have the time, inclination or simply feel it should be left to the professionals, then we provide a no risk alternative. The banks rarely simply roll over and pay out. The thought of taking their bank on is extremely intimidating for many and, of course, there is also the risk that all the work results in little or no compensation.

**Continued >>**



## Claims Management Companies are here to stay (Continued)

We recognise that our clients really appreciate a no hassle approach. They have more interesting things to do and so want someone else to take over the paperwork and stress. They do not want to be bothered with lots of form filling or in chasing banks for responses or even taking the case onto the Financial Ombudsman Service.

The other thing we do is to increase awareness of an issue. The fact is that anyone who feels let down doesn't have to accept the losses. The Financial Service Authority (FSA) will often point out a mis-selling issue such as endowments or PPI but they do not go out and advertise this to the public – we do!

Understandably, the banks and life assurance companies don't speak highly of us or other claims management companies. Renaissance alone has recovered over £18 million for clients so you could hardly expect these firms to be our number one fan!

If they want to put us out of business they could do so either by putting their mistakes right themselves or, even better, by avoiding the problems in the first place. Looks like we are here to stay!!!

## TAKE A MORTGAGE HEALTHCHECK FOR PEACE OF MIND

**For most people, the biggest monthly expenditure is their mortgage payment. More importantly getting the right mortgage is essential as without it you could end up losing your home as some people with endowment mortgages found out to their cost.**



**Seb Ward, Director,**  
*Renaissance Mortgages Ltd.*

The Financial Services Authority are now worried about the volume of interest only mortgages being sold. As property prices continue to soar and interest rates rise, an interest only mortgage is a temptation that could be storing up problems for the future. For some people an interest only mortgage is an understandable way to be able to get the first foot on the property ladder and it is certainly the norm for buy to let mortgages. However, the important thing is to get advice and regularly review the mortgage situation. It's a bit like going to the dentist because if you don't get a regular check up you could be in for a nasty shock - the difference is that a mortgage advisor need be nothing to fear. Through our mortgage company, Renaissance Mortgages we can give you

a free and no obligation mortgage health check.

Whether you have an endowment mortgage and are worried about the potential shortfall or just haven't reviewed your mortgage, Renaissance Mortgages can look at the whole of market to ensure you have the mortgage deal that's right for you. If you are employed or self employed, have perfect credit history or some defaults, have a repayment or interest only mortgage, are an investor or buying your first home then we can help. It will be painless and may be able save you £'s or even your home.

## PLEASE GET IN TOUCH WITH ME

I would like Renaissance to telephone me to discuss :-

- Endowment Mortgages
- Bank Charge Complaints
- Payment Protection Insurance
- Mortgages Advice (Renaissance Mortgages Ltd)

Name (Mr/Mrs/Ms) \_\_\_\_\_

Telephone \_\_\_\_\_

Best time to call (upto 7pm) \_\_\_\_\_

Email \_\_\_\_\_

The contents of this newsletter are believed to be correct at the date of publication (July 2007)

Every care is taken that the information in this publication is accurate at the time of going to press. However, all information and figures are subject to change and you should always make enquiries and check details and, where necessary, seek legal advice before entering into any transaction.

The contents of this newsletter are the opinions of Renaissance, we accept no responsibility for loss or damages. You should seek professional advice tailored to your needs and circumstances before making any decisions.

# PAYMENT PROTECTION INSURANCE – THE BIGGEST SCANDAL OF THEM ALL?

**Payment Protection Insurance (PPI) policies are designed to cover the cost of loan repayment in the event that the customer is off sick from work or has become unemployed. There are restrictions on the type of illness, reasons for loss of employment and the cover is not indefinite.**

The main problems with PPI are that many people don't really need the policy they have, and the many exclusions on the policy means they can't claim at all. It can also be very expensive yet, because the premium is usually added to the loan, the cost was until recently, often hidden.

In 2005 the Citizens Advice Bureau (CAB) estimated there were 20 million policies with around 7 million new policies being sold each year. That means that on average each household in the country has one of these policies. In their report the CAB identified what they said to be widespread mis-selling, with consumers paying over the odds for the policies. Only 15%-20% ever make a claim under the policy. Little wonder they called their report 'Protection Racket!'

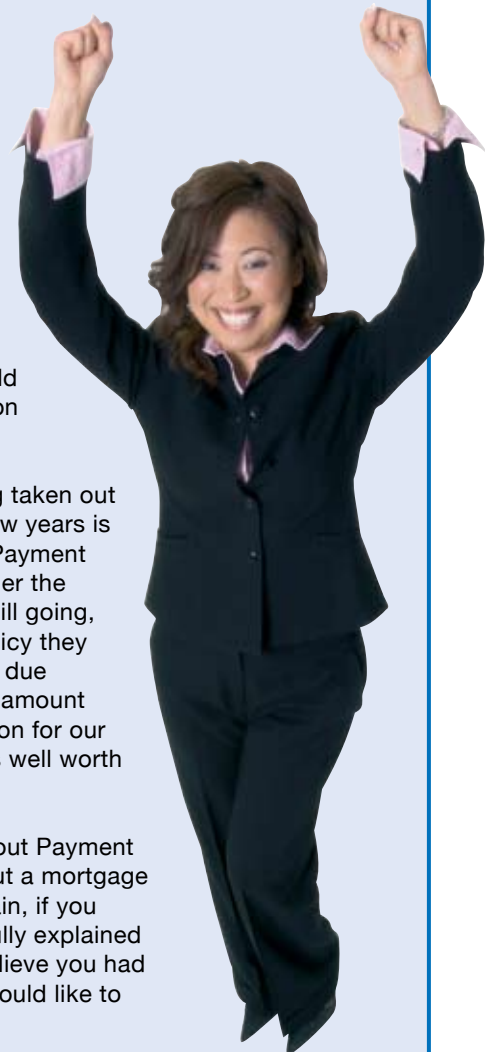
About 60% of PPI policies are related to unsecured loans and 80% of all policies were sold by Banks and Building Societies. With interest rates becoming increasingly competitive the banks looked for new ways to make money. They found that the sale of PPI alongside loans could be very lucrative. It would not be uncommon for the premium on a 4 year loan of say £10,000 to be over £2,500 and for the commission the banks earned on this to be £1,500 (source - Office of Fair Trading). As the PPI was added to the loan, the banks would earn interest on this as well.

With bank staff being set targets for selling PPI alongside loans it is little wonder that many people

were hurried into taking it up. They were under the impression they had to buy the policy or were left feeling that taking out PPI would improve their chance of getting the loan. If a customer had shopped around for a policy they could have found cover at a fraction of the price.

Our advice to anyone having taken out a personal loan in the last few years is to check whether they had Payment Protection Insurance. Whether the loan has been repaid or is still going, they may find they had a policy they didn't need and so could be due compensation. The average amount of compensation we have won for our clients is over £2,500, so it's well worth checking.

You may also find you took out Payment Protection when you took out a mortgage or with your credit card. Again, if you believe the policy was not fully explained to you or you were led to believe you had to take the policy then we would like to hear from you.



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