

## Time to sack the store cards

Submitted by: Alliance and Leicester

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Big savings for consumers who consolidate – on-line calculator shows how to make big savings

Would anyone choose to borrow money at interest rates approaching 30 per cent, when they could borrow the same amount at 7.4\* per cent APR? The answer appears to be 'yes' to the millions of consumers signed up to store card debt.

This week the House of Commons' Treasury Select Committee has grilled store card issuers, accusing them of charging excessive interest rates and using misleading sales techniques.

One MP has even been quoted as describing store card issuers as "designer loan sharks".

Many store cards continue to charge interest rates of close to 30 per cent – despite the Bank of England base rate falling to 3.5 per cent, its lowest level for 48 years – so there has never been a better time to 'sack the store cards'.

With APRs as high as 28 per cent on the Debenhams store card, 26 per cent on the BHS card and 18.9 per cent on the Marks & Spencer card, customers could make real savings by consolidating their debts with an Alliance & Leicester personal loan.

To make things even simpler Alliance & Leicester has launched an easy to use Debt Consolidation Calculator on its website: [www.alliance-leicester.co.uk](http://www.alliance-leicester.co.uk)

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By choosing the appropriate store card from a drop down menu, the interest rate is automatically displayed. Then just by inputting the amount owed, the calculator will work out exactly how much customers would save by consolidating store card debt into a single loan.

For example, a customer with £2,500 of store card debt (£1,000 with Debenhams, £1,000 with Marks & Spencer and £500 with BHS) could save £437.76 by paying off their debts with an Alliance & Leicester personal loan.

Commenting on the figures, Andy Bayes Alliance & Leicester's Head of Personal Loans, said: "The figures clearly show the money that can be saved by 'sacking the store cards' and consolidating what is owed into a single loan payment.

"It is time consumers started to fight back against store card charges, some of which are approaching 30 per cent – and the ideal way to do that is to tear up your store cards and move the debt to a personal loan, such as Alliance & Leicester's at 7.4 per cent."

Andy Bayes concludes: "Consumers should take a good look at the interest rates they are charged on their store cards and visit our website to see just how much they could save."

-ENDS-

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#### NOTES TO EDITORS:

· A debt consolidation customer case study to illustrate the savings that can be made with Alliance & Leicester is also available. For more information call Floyd Jebson in the Alliance & Leicester Press Office on 0116 200 5027.

\* 7.4% is our typical rate for loan applications for loans of £5,000 - £20,000 to new customers paying by Direct Debit. For loans from £2,500 to £4,999 the rate of 12.5% applies. We will review customers' past credit history and other personal details, and the actual rate we offer may be higher depending on the circumstances.

\*\* Store card APRs sourced from Moneyfacts (July 2003). Store card interest calculated on a monthly basis and on a decreasing balance, assuming equal monthly payments resulting in a zero balance at the end of the repayment period. Savings are for indicative purposes and assume competitor rates do not change over the period.

A table illustrating the savings is also available