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RATE TARTS ARE IN A JAM AS 2 MILLION^[1] BALANCE TRANSFER APPLICATIONS ARE REJECTED

- **Over one in ten (11%) consumers have had a credit card application rejected in the last year totalling 3.32 million^[1], 57% of these were for balance transfer cards**
- **£3.5 billion^[2] of credit card debt is festering on interest bearing credit cards as 2 million^[1] rate tarts are rejected for the next best balance transfer deal**
- **With the average APR at 17.3%^[3], these rate tarts have been forced to fork out £535 million^[4] in interest over the next year, £282^[4] each on average**
- **There are now just 178^[3] balance transfer credit cards up for grabs, representing 74%^[3] of all deals available - this market share has fallen by 6% in the past year**
- **The biggest casualty is the 10 month 0% balance transfer card dropping by 83% to just one deal, one in three providers offer just six months**
- **Last year, 7.8 million^[2] balance transfers were carried out, this figure could drop significantly as consumers are rejected for their next 0% deal**

The latest credit card market analysis from uSwitch.com, the independent price comparison and switching service, reveals that almost 2 million^[1] consumers have been rejected for balance transfer deals in the last year. This represents 57% of all credit card rejections, forcing these consumers to fork out £535 million^[4] in interest payments in the next 12 months as they are unable to switch to a new provider. In total, £3.5^[2] billion of credit card debt is now stuck on interest bearing credit cards as consumers cannot switch to their next 0% deal.

Across all types of credit card, more than one in ten consumers, totalling 3.32 million^[1], has had an application declined in the past twelve months. This is a clear sign that providers are still acting on the air of caution and only lending to those with a squeaky clean credit record. This is a huge problem in the credit card market, particularly for rate tarts. In 2008, consumers carried out an average of 650,000^[2] balance transfers every month. For many people, the 0% party really is over as they have reached a dead end.

Alongside a drop in acceptance levels, the number of balance transfer deals available is also a problem for consumers. There are now 178 balance transfer credit cards, representing 74% of all credit cards compared to 204 this time last year. The biggest casualty of this has been the 10 month deals which have fallen by 83% to just 1 deal.

With just one provider, Virgin, offering a 16 month 0% balance transfer deal, consumers are pushed towards the more popular six month balance transfer deals which represent a third of the market (33%). However, with the average balance transfer fee currently at 2.9% consumers will have to pay £54.09 on the average balance of £1,846. Unless consumers are planning to pay the credit card balance during the six month offer period, this could be a costly way to move money around.

Louise Bond, personal finance expert at [uSwitch.com](http://www.uswitch.com), comments: “We can’t ignore the fact that the country is in economic turmoil – a situation which has been catalysed by bad consumer credit. The knock on effect for credit card customers is that those with a less than perfect credit history could find themselves being turned down for the next best 0% deal, forcing them to pay interest. This is a huge problem for switchers as these people have accumulated debt based on the fact they do not have to pay interest on it.

“The knock on effect of rejected credit applications is that it will appear on your credit report and, in the long term, have a negative impact on your score. With this in mind, it’s important to check your report before applying for products to make sure you stand a good chance of being accepted – constantly reapplying to different suppliers will make the situation worse. If you can’t get another credit card, think about using a 0% overdraft, an unsecured personal loan or, if there are no other options and debt is getting out of control, speak to your provider or seek professional advice.”

Bond’s credit card tips:

- Check your credit record before making any applications for credit at <http://www.uswitch.com/credit-reports>.
- **If you are rejected for your next credit card, do not any further applications until you have checked your credit record.** Failed applications for credit will have a negative impact on your credit score.
- You must also close down any credit card accounts you are not using. The available balance on these accounts will be taken into consideration when you are applying for a new card.

- Missed credit card payments also impact your credit score, the best way to avoid this is to set up a monthly direct debit for the minimum payment.
- If you are not planning to pay their balance off in full during the 0% balance transfer period you should consider life of balance cards. This will provide one low rate of interest for the entire time the balance is on the card.
- Depending on which issuer your balance transfer card is managed by, you may not be allowed to switch your balance to another card within the same group. By using uSwitch.com's balance transfer tool at <http://www.uswitch.com/credit-cards/balance-transfer>, you will **only** be allowed to apply for cards that are available at you.

Table one: Best balance transfer deals available

Credit Card	Intro balance transfer offer	Balance transfer fee	Typical APR
Virgin Money Credit Card Mastercard	0% for 16 months	2.98%	16.60%
Santander Credit Card Mastercard/Visa	0% for 15 months	3.00%	15.90%
HSBC Credit Card Mastercard	0% for 15 months	2.90%	16.90%
Natwest Platinum Existing Customer Mastercard	0% for 15 months	2.90%	16.90%
Royal Bank of Scotland Existing Customer Mastercard	0% for 15 months	2.90%	16.90%

Source: [uswitch.com](http://www.uswitch.com), correct as at 23rd June 2009

ENDS

An ISDN line is available for radio interviews. For further information please contact:

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Notes to Editors

Research carried out by Research Now amongst a panel of 1011 credit card holders. Research carried out from 12th – 14th June 2009

1. Extrapolated figures based on current UK credit card holders 30,200,000 sourced from APACs report (UK Plastic Cards 2009)
 - Research shows that 11% of respondents have had a credit card application rejected in the past 12 months.
 - 11% of 30,200,000 = 3,322,000
 - 57% of these were for balance transfer cards. 57% of 3,322,000 = 1,893,540.
2. According to APACs report (UK Plastic Cards 2009)
 - 7.8 million balance transfers were carried out in 2008. 7.8 million divided by 12 = 650,000.
 - The average balance transfer amount is £1,846.
 - 1,893,540 balance transfer customers have been rejected (see caveat 1).
 - 1,893,540 x £1,846 = £3,495,474,840.
3. uSwitch.com market analysis based on Moneyfacts data, correct as at 18th May 2009.
4. Based on the average balance transfer balance £1,846 and the average APR (17.34%).
 - Assuming the average minimum repayment of 2.27% or £8.69 is made each month, consumers with a credit card balance of £1,846 would pay £282.45 in interest in 12 months.

- £282.45 x 1,893,540 consumers that have had a balance transfer application rejected = £534,830,373.

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Our aim is to help customers take advantage of the best tariffs and services on offer from every supplier. To aid us in this task we have developed a comparison calculator, which evaluates a number of factors including price, location, service and payment method, and advises consumers on the best deal to suit their needs.

The service is also available via fax and post. Fax 020 7233 5933 or write to Customer Services, uSwitch.com, 111 Buckingham Palace Road, London, SW1W 0SR, with your postcode and usage details.

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