Are you using the wrong type of credit card?

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**James Rowe:** Should you be switching your credit card right now, and if so, do you know exactly which type suits your needs? Welcome to Witch Money. Hello. It's James Ro here in the witch studio to talk all about credit cards. And alongside me here in the studio we've got Holly Lanyon Witch Money journalist, Holly.

**James Rowe:** Hello. Hi

**Holly Lanyon:** James. How are you? I'm good, thanks. How are you?

**James Rowe:** Very good, thanks. Thanks for asking. And joining us down the line, we also have Adam French, who is the head of news. Uh, money Fact. Adam, welcome back.

**Adam French:** You very much always, always an absolute pleasure to speak to you, Pete.

**James Rowe:** Likewise. Thanks both for coming on.

**James Rowe:** Now, a left field question that I'm gonna pitch at you both very quickly. Got a quick yes or no answer, Holly? First, are you a fan of tennis? Uh,

**Holly Lanyon:** I was gonna say watching or playing, but I realize actually both. Yes. Very good. Adam, is

**James Rowe:** it a yes or no to tennis? Uh. No, not really. No, I'm sorry. Okay. Well I'm gonna force you into some sort of tenuous game of credit card tennis between the two of you.

**James Rowe:** Just to very quickly, or take as much time as you need to go through the different types of credit card that are out there, I've got a list. I'm gonna fire them both at you, uh, to get some basics on them. Holly, can we start with you on interest free purchase cards? What are they, what do we need to know?

**Holly Lanyon:** Yeah, so an interest free purchase card kind of does what it says on the chin. Um, it. Allows you to spread the cost of purchases without being charged any interest for a set period.

**James Rowe:** Very good. Uh, Adam to you with balanced transfer cards.

**Adam French:** Very similar to purchase card. However, in this case where you've got credit card debt, you can move it onto a balanced transfer card and you'll pay 0% interest on that debt for a set period of time.

**Adam French:** As long as you make the minimum payments a bare minimum throughout that time,

**James Rowe:** Holly, to you money transfer card.

**Holly Lanyon:** So very similar to a balance transfer card, but instead of using it to clear credit card debt, you could use it to get a cash transfer, which you could use to clear like an overdraft debt or something like that.

**James Rowe:** Adam credit biller cards.

**Adam French:** These are particularly aimed at people who maybe haven't had a credit card before. Have a poor credit rating. Typically come with quite a low credit limit designed to make sure you make regular payments and improve your credit score.

**James Rowe:** Holly, I feel like this is kind of two in one, so apologies, but uh, cash back and reward credit cards.

**Holly Lanyon:** Yep. So we kind of put 'em in a category, but they're kind oft type, so cash back cards. You get to earn money back on your purchases. So, you know, often around like 1% on, on money spent. Um, rewards operate similarly, but rather than money that gets credited to your account, you get like rewards points, like loyalty points for a supermarket or it could be air miles, something like that.

**James Rowe:** Lovely stuff. Adam. Uh, last one for you is travel credit cards.

**Adam French:** Travel credit cards are great if you're going on holiday and, uh, you don't wanna pay those pesky exchange fees. Um, you do have to check. Which region is covered by which card though? Typically you look at like 0% traveling in Europe, for example.

**Adam French:** Some of the best ones give you cash back and rewards as well, which is always a nice little perk to have when you've been traveling abroad.

**James Rowe:** Good stuff. And lastly, Holly, low interest credit card. I guess this is another one where kind of does what it says on the tin, right? That's

**Holly Lanyon:** what it says on the tin, but yeah, these are cards with a low or yeah, below.

**Holly Lanyon:** Um, rate below average rate of interest. Yeah.

**James Rowe:** Lovely stuff. Uh, Adam, are you a fan of tennis now? Oh, I love it

**Adam French:** now.

**James Rowe:** I'm

**Adam French:** absolutely on board. Consider me a callback.

**James Rowe:** Uh, okay. Funny game's over, uh, because I think there's loads to talk about credit cards. We've not covered it on the podcast. Since about January, I think.

**James Rowe:** Um, so I wanna start by talking about, um, a PR because this is a big consideration for people when they're going out to get a credit card and a lot's been happening with it over the last few months. Do you wanna try and just get us up to speed?

**Holly Lanyon:** Yeah, sure. So if you look at the kind of average a PR rate on a credit card that's been kind of climbing steadily over the past, like two years at least, maybe adding more, say, say more on that.

**Holly Lanyon:** But in June it hit this kind of. I think since Money Facts records began at least, it um, hit a record high, 35.7%, hit it again in August, and it's stayed there since. So yeah. So the average cost of borrowing at the moment on a credit card is, is as high as it's ever been, basically.

**James Rowe:** And what we talk about when we say a PR, this is what the, the percentage of what you get charged every month gets added to the balance.

**James Rowe:** Is that kind of the basics of it? Right.

**Holly Lanyon:** Yeah. So the a PR, it includes. Um, the interest that you get charged on your purchases, but also takes into account like any fees and extras. So it's supposed to give you the kind of like an overall, um, cost of borrowing when you take into a charge. Not just take into account not just the interest rate, but other charges as well.

**James Rowe:** And Adam, Holly mentioned that the money, facts data, so do you wanna come in on this one? W why, why is a PR so high at the moment? Uh, what's been influenced in this going up and up and up?

**Adam French:** I mean, we're all about the data. So the APR is the annual percentage rate. So what you're looking at is how much more that debt would cost in the year's time.

**Adam French:** Now the idea of a credit card is you are making at least monthly payments each month. Uh, ideally a bit more than that. So you shouldn't be realistically paying back as much as all of that. Um, but they are sneaking up. There's no denying it. Um, back in September, 2023, you were looking at the average being around 31.8%, and this Holly points out 35.7 for the last couple of months Now.

**Adam French:** It's pretty hefty. It's a big increase, and that's primarily being driven by, um, lenders, charging people More people are seen as a bit more risky. We've seen rates go up across credit cards ultimately, and that's not great news if you're not able to clear that debt in full every month, which is generally speaking the best way of using a credit card.

**Adam French:** Otherwise, they can be quite an expensive way to borrow a quick note on a PR as well that's advertised. A PR. And that's what 51% of customers should be charged for them to be able to advertise that as a PR. So it also shows that customers are being offered more expensive APRs over the last couple of years.

**Adam French:** But there's nothing to mean that if you apply for a credit card, you could be charged an even higher rate, even if you advertise. One is say around 35%.

**James Rowe:** Do you think many people are aware of that? You know, I imagine a lot of people might think, oh, well that's the advertised rate, I'm gonna get that. But there's, you know, that's almost half of people might not get that advertised rate.

**Adam French:** Yeah, I, I'm surprised, to be honest, Matt, this is very anecdotal now, but the amount of people I speak to who, who are surprised by that, I'm just think they'll be able to get that rate. Uh, when actually applying for credit products in this country is always, uh. Bit of a weird experience because you've kind of go through an application journey and a and a rate is spat out at you at the end of it, and a lot of instances.

**Adam French:** Or you go for a, a eligibility journey and you find out what kind of cards or loans you may qualify for, and then you apply from the shortlist that's generated for you. So when you see these things, advertis. The reality for most of us is we're gonna get a much more personalized view when we use a comparison site, for example, and figure out exactly what it is we could realistically be getting our hands on.

**Adam French:** So Holly, I'm

**James Rowe:** now thinking about this. If somebody has a credit card and it's got quite a big balance on there and it's got quite quite a PR, is it then not? A bit of a no-brainer for people to consider getting a North percent balanced transfer card. That could solve a, a lot of problems. Right?

**Holly Lanyon:** Yeah. So that's what they're made for exactly, is that they offer you a, a kind of a cheaper way to pay off your debt.

**Holly Lanyon:** So say if you had about like two grand debt on a card with one of these average APRs, so you are getting charged interest at 35.7%. Um, if you could afford to pay like a hundred pounds a month towards that, it would take you about. Two years, four months to pay it off and overall you'd be charged about 850 pounds in interest at the moment.

**Holly Lanyon:** You can get balance transferred deals of up to 25 months. So if you were eligible for one of those kinds of deals, transfer that two grand to that card. Not only if you are, you gonna pay off the debt quicker because all of the money is that you pay is going towards the debt itself rather than the interest.

**Holly Lanyon:** So you'd be able to pay at a hundred pounds a month, take you back 20 months. You are also gonna save yourself, um, all that money on interest minus a balance transfer fee. So that's typically around 3% of the amount that you transfer. Um, so on two grand, that'd be about 60 pounds. But yeah, obviously compared with about 850 pounds in interest, if you, if you.

**Holly Lanyon:** Kept it on your original card.

**James Rowe:** I was gonna ask about that because it, it did almost seem like, yes, it is a no brainer. It, it may seem like it is, but there are some fees involved in, in using a balance transfer card. A again, Adam, is this just something that you just have to deal with if you wanted to get a, a balance transfer card there, there will be a, a small smallish in comparison, uh, one off payment to, to make, to get one.

**Adam French:** And it's usually added to the cost of what you have to pay back as well. It's not, you have to find that money either. Um, it depends how long you want the balance transfer period to be. So one of the best on the market in the moment, you're looking at sort of 35 months at 0% with a 3.5% fee. There are plenty of cars on the market where you may be looking at more t like 20 months, for example, uh, balance transfer, which won't charge you a fee.

**Adam French:** So it's often those longer periods where you're gonna be hit by a 3% fee. But if you've got. A couple of grand on, on your card and you need the time to pay it off, then that fee is a lot easier to swallow than paying a big a PR, um, throughout that time period. So it's generally speaking very worthwhile.

**Adam French:** One of the downsides to getting a balance transfer card, however, is you generally speaking, need a. Pretty good credit score to qualify for one, particularly one of the longer periods. Um, so if you do have some hefty credit card debt that often goes hand in hand with maybe not a fantastic credit score as well, particularly if you found yourself struggling with it.

**Adam French:** Um, there are often some products on the market which may be target people with less good credit scores, but again, you'll have that shorter time period. Of which you're gonna get a 0% to make those repayments, but it's not gonna stop you potentially applying for another one afterwards. And actually your credit score may have improved.

**Adam French:** So there are ways of doing it to make sure you can keep these 0% deals running as well.

**James Rowe:** It does seem like the, uh, the credit card industry has almost made like a, an open goal for a, a lot of consumers haven't they? Where charged a really high a PR and they see you've got a good enough credit score then.

**James Rowe:** It's, it is just this no brainer to go for a balanced transfer card. It, they've created an open goal, but I guess is this, is this another thing about consumers just not acting? Uh, uh, you know, on the, on the right kind of advice or the, the kind of information that's out there, A lot of us are maybe too lazy.

**James Rowe:** It's

**Adam French:** why people like us exist. James, we're here to educate and inform and entertain maybe just a little bit. Uh, no. You're absolutely right. This is a bit of an open goal and that people aren't taking advantage of them when they could be. But again, because it's that reserve of people with maybe better credit scores, for example.

**Adam French:** Um, these deals are there for a smaller section, um, of the population maybe. And again, you have to pay that fee. Um, so there are always some money making bits around it for banks. Ultimately they wouldn't be doing it if they didn't make money. Have you eventually,

**James Rowe:** and Adam, should we touch a bit more on credit score?

**James Rowe:** 'cause that is something you touched on there. Um, because what, what we're essentially saying is not everybody is gonna be accepted for every credit card they apply for. So. Is, is there a sensible case for most consumers to be at least trying to find out what their credit score is to give them a bit more of an idea, uh, going into that application process?

**Adam French:** Uh, yes. Yes, a hundred percent, yes. Definitely check your credit score before applying for any borrowing or credit product, whether that's a loan, credit card, mortgage, whatever it is. You want to get a good understanding of where you're at, because that'll be an indication of what, what kind of rate you may be offered, what amount of products you could, uh, be entitled to get your hands on.

**Adam French:** Um, generally speaking, the higher the number, the better your score. You can check with a few different credit reference agencies, so you can check with Equifax, you can check with Experian, you can check with TransUnion or the companies that work with them, uh, to see where your score's at because there's no way of really knowing which.

**Adam French:** Company you apply for is using which credit reference agency. It's all a bit murky, so it's good to get a good look at all three of them, uh, and just to see where your score's at. There may be some simple steps you can take to improve it as well, like getting on the electoral role, for example, can have a positive impact on your credit score.

**Adam French:** Or you may. Learn that you've got a, a small overdraft you've forgotten about, it needs to be paid off. For example, there are little steps often that could nudge your score up and mean you're gonna save a hefty sum of money if you're, you know, getting a credit card potentially. So it is well worth checking out, uh, and that way you can go into any sort of comparison journey.

**Adam French:** Knowing roughly what kind of products you may get in.

**James Rowe:** Can I just say from personal, personal experience, uh, checking your credit score is vital. I remember I checked mine about a year ago and um, I looked at it, I thought something's not quite right about this. Which I imagine for a lot of people, they might look and think, oh, my credit score doesn't look right.

**James Rowe:** Well, I'm a twin. I've got a twin brother. And our credit scores were merged. I had everything of his on there as well, and I thought, oh my goodness, there's so much that, you know, could have impacted me. And I guess vice versa. So that shows the importance of, uh, of actually checking, right?

**Adam French:** Oh yeah. I mean, you'd be surprised how often mistakes can happen as well.

**Adam French:** So it is something you really do want to keep your eye on. Um, I kind, I try to check mine every month also really to see if anything unexpected has appeared. But I, in part that's from. Working in financial journalism for a while and speaking to people whose identity has been stolen, for example. And the only way they ever knew about it was a random phone bill was added to their credit score.

**Adam French:** Uh, and it turned out their identity had been stolen. Now those are worst case scenarios, but knowing these things happen, I mean, I do keep a close eye on it now, um, but you're absolutely right. Just it's, it's just another data point to know. Things are okay with you financially and pick up problems sooner on

**James Rowe:** and later you can deal with them.

**James Rowe:** You were nodding as well, Holly, I imagine, do you have a horror story about your credit score? Do you agree with it? With everything we're seeing here?

**Holly Lanyon:** Oh no. Just that one of our colleagues here at which, um, did an investigation about, yeah, just how many credit reports do have mistakes on them. I can't remember the stats off the top of my head.

**Holly Lanyon:** Yeah, definitely. Well worth checking because it happens more often than you might think.

**James Rowe:** Yeah, I think we did a podcast about this, um, about a year ago, actually. I'll dig it out and I'll pop it in the, the show notes. Did it? I should have been the case for the exact investigation. Exactly. Uh, just one last thing perhaps on credit scores, I know who's gonna be best answer this, um, but is there a ball point figure?

**James Rowe:** For your credit score, it's kind of made up of these three numbers, isn't it? All the way up to about 9, 9, 9. Uh, is there kind of a ballpoint figure where you kind of have an idea about whether you might be accepted for a certain type of credit card, or is, is it a bit too complex?

**Adam French:** There are three different providers of credit score information.

**Adam French:** In the uk. You've got Experian, Equifax, and TransUnion. Hopefully they all use slightly different scales, but they all mean essentially the same thing, but. Banks and other providers and lenders will, will provide information to maybe just one of those, maybe to two of them, maybe to all three of them. And when you do a comparison journey, maybe it'll use one of your scores, maybe it use two or all three.

**Adam French:** So there's a degree of opaqueness around it. So it is always worth checking all three scores. Experian, you are looking for a score sort of above. 880 or so would be a good score. Um, and then the top end of the 900 is an excellent score, which basically means you could get lots of different things.

**Adam French:** Equifax, you're looking at a score of above sort of 530, um, to about 800 is considered good. 800 to a thousand is considered excellent and in TransUnion the numbers only got to 710. So you're looking at sort of 600 lower end 600 is good. Upper ends of 600 to 700 is excellent. Um, but really. The words good and excellent or what matter, and that whenever you check it, they will sort of give you the word good or excellent to make sense of it, rather than having to remember what number really matters.

**James Rowe:** It's not straightforward. Then you'd, you'd like to think the team up and say, let's all have those same numbers, but No.

**Adam French:** Yeah, absolutely. You'd think that would help, wouldn't you? Um, what was really interesting, so I, I worked with a company that was based in the States, um, a year or so ago, and. The application process there is totally different.

**Adam French:** Like they will just advertise products with the credit score you need, uh, from the get go and you'll just go, brilliant. I know my score and I'll qualify for that. And you just. Go and apply directly. Whereas here we have this slightly opaque mystery black box system of I put in my information and hope the product everyone is dished out at the end of it.

**Adam French:** Um, or you apply directly and then risk getting knocked back. And that can have a negative impact on your credit score as well. So there's a bit more to to juggle here For uk uh, consumers unfortunately,

**James Rowe:** shall we circle back, uh, to monthly charges, at least high monthly charges. Um, I guess a not percent purchase card.

**James Rowe:** Mm. Could be a good avenue to go down, uh, to avoid such high charges.

**Holly Lanyon:** Yeah, definitely. So I guess the thing with credit cards, like as we learn in that very educated educational game of tennis, um. Is that there are lots of different types and it's kind of just crucial that you pick the right one for the job.

**Holly Lanyon:** Um, so yeah, if you are planning a big purchase, you don't wanna be using rewards cards that got really high rate of interest. You know, you should be Yeah. Looking at a card that offers you an interest free period. Um, like Adam said, I think some of them are going up to 25 months at the minute. So you can get, yeah, you can get a long period to spread the cost of, um.

**Holly Lanyon:** Of a big purchase over, um, and that will save you. Yeah, yeah. Potentially hundreds of pounds in interest.

**James Rowe:** I was gonna say, can you try and give us a bit of an example of, you know, if you were to make a certain big purchase, kind of how much interest you might end up saving if it is not percent in comparison to something that's maybe 35% or something.

**Holly Lanyon:** Yeah, sure. So say you spend thousand pounds on a washing machine and Yeah. You had a card charging this average a PR of 35.7%. Um. If you could afford to pay like a hundred pounds back a month, that'd take you about a year to pay off. Um, and you'd rack up about 170 pounds in interest. Whereas yeah, if you've got a 0% purchase card at the moment, you can get up to 25 months I think it is.

**Holly Lanyon:** Um, so yeah. You'd have that whole time to pay it back. You'd have a much longer period to pay it back and you wouldn't, you wouldn't charge be charged any interest on that.

**James Rowe:** Is it fair to say then it, even if you can't afford a big purchase and you know, paying it off in, you know, in one go or just paying it with cash, is it fair to say that it could actually be beneficial to get a no percent purchase card because it could boost your credit score in itself?

**Holly Lanyon:** That's a good question. I guess it, there's kind of quite a lot of factors that play into that, right Adam? It depends, I guess, how much credit you're using in other places. So I think your credit utilization rate is quite important for your credit score. So the percentage of credit that's available to you that you're using.

**Holly Lanyon:** But that said, having a credit card, paying it off regularly, making regular payments, paying more than the minimum amount, that does boost your credit. It's gotta say, what would you say on that? Utilize

**Adam French:** credit utilization is a really good point, Ali, like you, as a general rule of thumb, you already, you get your, your credit limit.

**Adam French:** So say you've got a 10 grand credit limit, um, you already lose, use less than five of that and before it starts to have a bit of a negative impact on your credit score. And obviously the more of that you use, the bigger impact that could have on your credit score. 'cause it might give the impression that you may be slightly struggling financially.

**Adam French:** Um. One really well, there's probably two if you do have the money to be able to pay for an item straight away rather than taking on debt. There may be a couple of advantages to using a credit card. First and foremost, section 75 protection, which is my ultimate get of jail free card whenever I'm asked a different consumer rights question is, did you pay for it on credit card and did it cost more than a hundred pounds and less than 30 grand?

**Adam French:** Uh, in which case. If anything goes wrong with that purchase, say the retailer goes bust or they refusing to refund you. Section eight five comes into play and actually your credit card provider is jointly liable for that problem and has to sort it out for you, which is hugely powerful. If you are spending a few thousand pounds on a flight or a washing machine or a car, for example, and something's gone wrong, that you're gonna have your credit card provider in your corner really helpful and.

**Adam French:** Very underappreciated resource to have. The other thing that might be worth considering if you can pay something outright is actually you might be better off using a reward or cashback card because you'll get the bonuses and you can pay it off straight away. 'cause the key thing with those is you want to pay off quickly, or the a PR wipes out the rewards you're getting.

**Adam French:** So if you're in that financial position, not only do you get rewards, you also get section 75 protection as well. So it's kind of a, a win-win.

**James Rowe:** I love talking about Section 75. Well, it is not a hobby of mine, but I do, I do love mentioning it to people. Anyway, I was chatting to somebody the other day and they'd said, I can't remember what it was, they said they'd bought something online and it was on a website that I'd never heard of.

**James Rowe:** And I just said, gosh, I hope you used your credit card for that. And they sort of said, why, blah, blah, blah. And I mentioned section, section 75. Um, you mentioned. Rewards cards. Adam, I think this is a good time to get onto them because I feel like they alm they are a credit card, right? That, that, that is a fact.

**James Rowe:** But they, they almost seem like a bit of a cheat code to getting benefits and rewards in a way. Um, can, can you give us a bit of more of an overview? I know we played tennis before, but Adam, do you wanna just, uh, take us through them?

**Adam French:** I can do my best. Um, I'm always rare. Some rewards cards, they do attract a bit of a, a cult following for the people who can make the most of them.

**Adam French:** Um. I, I'd caveat everything around rewards and cashback cards with they are fantastic. If you are an extremely organized person who's able to pay it off in full every month, I cannot claim to be that, and I know my limitations. Um, so in essence. They come in all sorts of different flavors and different variations.

**Adam French:** Um, but ultimately you will get some kind of reward for the purchases you make. So some of the best on the market now, for example, may give you 1% cash back for every purchase you make using that card over the next 12 months. Uh, I think it's an Amex one giving you 5% cash back for five months, up to 125 pound limit.

**Adam French:** Um, you also get reward points, for example, which you can then trade for things like air miles or cheap flights or purchases, but sometimes you only earn points with select retailers. I suppose what I'm trying to say here is you really need to do your research to figure out exactly which card is gonna suit how you spend money.

**Adam French:** Um, but the idea is you get those rewards, you pay off in full. And then you are able to spend those rewards of what, what you want in life. You know, you could be a, a flight or a massive flight upgrade and fly a business class or first class somewhere using your, your points. You usually have to spend a lot using those cards though.

**Adam French:** So the, the typical approach would be. Everything. You normally spend money on a monthly basis. You use your credit card for those purchases, so bills your food, your tube travel, everything goes on that, and then you pay off in full at the end of the month and collect those rewards. Obviously, that comes with risks because if you don't have the money to pay off at the end of the month, you get hit by those a PR charges.

**Adam French:** When it comes to rewarded cashback cards, they usually have a much higher a PR than the average. So you may be looking more like 40, 50, 60% plus. Um, so you really need to pay off in full every month. Otherwise, anything you've. One as a reward is pretty much wipes out by the interest you're getting charged.

**Adam French:** Um, did that, did that make sense everyone?

**James Rowe:** I think it did. I think it did. Yeah. Especially like the use of the phrase, there's lots of different flavors as well. Uh, you're welcome. Yeah. I enjoy that. Um, but speaking of the different flavors, um, I saw on which website, you'd written something the other day, Holly, but you know, even retailers like Ikea have now.

**James Rowe:** Launched a rewards credit card. I mean, everyone's getting in involved.

**Holly Lanyon:** Yeah. Yeah. So like, yeah, exactly. Like one of the classic flavors, maybe the vanilla reward cards could be I

**Adam French:** started something. Yeah, you started something

**Holly Lanyon:** would be like a supermarket one, you know, as you get your supermarket loyalty points.

**Holly Lanyon:** But, um, yeah. And types of retailers. So IKEA has just launched a, um, Ikea family credit card. So I think you use it in conjunction with your Ikea family member card and you get. An extra point per five pounds. Um, I guess that's another crucial point actually about, especially with the kind of supermarket reward cards.

**Holly Lanyon:** Often you do have to use it in conjunction with a loyalty card as well. So just make sure that you do that to, to bag the maximum, um, points possible. Um, but yeah, the IKEA card offers you, I think, two points per five pounds if you use it with your family card. Um. On IKEA purchases, and then you get one point per 10 pounds elsewhere.

**Holly Lanyon:** And also some options for like spreading the cost of payments at IKEA as well.

**James Rowe:** I, I guess for retailers like that, they, they're just trying to keep you in their ecosystem, aren't they? You know, they kind of want you to spend more at their shop, but then also if you've got a save example, an IKEA branded card in your wallet or something, it just keeps your mind thinking about Ike all the time, doesn't it?

**Holly Lanyon:** Yeah. Yeah.

**Adam French:** Kind of an evolution of them. Store credit cards you used to get a lot more of, um, nowadays, or you used to get store cards where you're just limited to credit with that particular like next. I had one for years ago. Mm-hmm. And Burton as well when I was a, a younger, younger man. Um, but now it's more like you get this credit card and it all took you, Amazon has one m and s has one.

**Adam French:** John Lewis has one. IKEA has one. It sort of ties you into using it there and it's just another way of. Pushing bit of brand loyalty and meaning you're more likely to go and buy your flat pack furniture from Ikea instead of a, an alternative Scandinavian flat pack furniture provider.

**James Rowe:** I was gonna say, I, I can't imagine that's a long list.

**James Rowe:** That's one. Is, is that, um, but, but we should be aware of those, you know, astronomically high APRs, shouldn't we? Do you wanna just reiterate that? Because I think. For a lot of people, perhaps they sort of, even if they zoned out, when you mentioned those high APRs and just sort of want to latch on the, the, the benefit and the reward side, it, that could be a very slippery slope, couldn't it?

**James Rowe:** If you kind of, if you want on top of your game and you forget to make that monthly purchase and those fees start to add up really, really high, don't they?

**Adam French:** Oh, they can, they can be really high. So you sort of premium end of the rewards market. You sort of American Express cards, for example, things like platinum cards.

**Adam French:** Uh, you are looking an a PR of more than 700%. Um, which does mean if you're not paying off in full every month, you, you're kind of wasting your time really trying to earn those rewards. It's easy to see how these companies can then make money out of people if they don't manage to make those payments. And someone like an AMEX also has an annual fee as well.

**Adam French:** Um, so it is something you very much have to keep an eye on, which is why I always say with rewards cards, if you are organized enough, diligent enough, and have savings to be able to make sure we can cover any shortfall. Day can be a fantastic way of turning your everyday spending into a much more ordering experience.

**Adam French:** And actually to treat yourself right is things like you. Having to pay the bills anyway, you're having to commute anyway. You might as well get something back out of it. But it is just, if you're organized enough to do that.

**James Rowe:** And when we talked about the average rate of APRs going up, uh, a little bit earlier on, are some of these cards with these astronomically high fees, are the, are they driving up the average?

**James Rowe:** Does, does the average not paint a fair enough picture or, or does it, is it leveled out by all the other cards that are relatively lower? It

**Adam French:** is leveled out to an extent. And also these fees have always been this high anyway. For this particular small subset of products, there aren't like a huge amount of rewards cards out there.

**Adam French:** And actually a lot of them do charge lower APRs than that. But the average, I mean, you know, you do compare, for example, an average mortgage rate, for example, where there are thousands of products on the market. There are hundreds of credit cards rather than thousands. So they do have a slightly bigger, uh, impact.

**Adam French:** Um, but ultimately that's the nature of averages.

**James Rowe:** You are, you are the numbers, man. So we will, uh, we'll take your word on that one. Um, shall we wrap up? Um, well, before we do actually wrap up, shall we just go over any more, uh, considerations? So for people who've listened to this, who are kind of now across credit card and now have a bit more of an idea about which one might suit their needs, um.

**James Rowe:** Do you wanna just reiterate a point, or if there's something that hasn't come up yet, do you wanna just try and hammer something home? What do you wanna sort of leave everybody with? Um, with this one,

**Holly Lanyon:** maybe this is actually just more a follow on to what Adam was saying, but I would just say for anyone who has gotten in trouble with, you know, a.

**Holly Lanyon:** Got in, got debt, was racking up really high interest and feeling, yeah, starting to feel out of control of it. Um, just to make that point that really you should speak to your provider, they should help you. And if not as well, there are loads of great, um, independent debt advice charities in the UK that can, that can help you.

**Holly Lanyon:** So yeah, just in an instance of things. Have you felt like they've gotten out of control? Really, really important to ask for help, but

**James Rowe:** that first point of conduct should be the provider so that you know, the very first instance. Yeah.

**Holly Lanyon:** Yeah. And, and they should be able to help you. Like they, yeah. They should help you make a plan to, to get back on track.

**James Rowe:** Adam, what do you wanna, uh, wrap up with?

**Adam French:** I think Holly made a really good point, uh, that. These cards are great as long as you use the right card for the right reason. Um, there are so many different sort of variations within it. Um, but ultimately if you just want to borrow money, credit cards are a very expensive way of doing that, and they're usually cheaper alternatives.

**Adam French:** For example, the average sort of a PR and a loan, you're looking at more like eight to 11%, for example. Um, so if you are looking to borrow money for a specific purchase or purpose, then. A credit card may not always be the best option for you. So it's important considering a full range of financial products that could actually suit what you need a lot better.

**Adam French:** Uh, particularly if you can't qualify for a 0% period, for example. So don't just think credit card is the only way borrowing what they do offer you as a degree of flexibility around making repayments. As long as you're making a minimum, then you can flex that a bit, whereas a loan is gonna be a set amount every month.

**Adam French:** Um, but you do, you do pay a premium. For that flexibility with a credit card. So do consider alternatives as well. Uh, and if you are struggling, obviously speak to provider, ask for help. There are charities out there that can help you too.

**James Rowe:** Very sound advice from the both of you. And thanks to the both of you for joining us for this episode, Adam, thanks very much.

**Adam French:** Thank you. Always, always a pleasure.

**James Rowe:** And Holly, thank you. Thank you.

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