

Interview

What do you see as the role of the personal finance sections in newspapers?

I think it is two-fold. First of all, personal finance sections should try to educate and inform the general public. Any personal finance section worth its salt must offer core, basic education for readers on the heartbeat issues of personal finance.

Alongside that, we need to be consumerist, alerting readers to problems – and whenever possible – solving them. A key role of a good personal finance section is to battle for consumers, acting as a quasi-independent financial adviser.

Most journalists are held in low esteem by the general public – but not personal finance journalists. The public see us as their friend in a time of need. When they take up a complaint with a bank or insurance company, most are met with a wall of indifference. As a result, they feel lonely and ostracized. We can often come to their rescue, and when we do the readers love us.

Campaigning is a key part of a good personal finance section. Over the years, I've launched campaigns on everything from bank branch closures through to ATM charges, post office closures and proper financial protection for members of company pension schemes.

Do you think personal financial journalists can make a difference?

Yes. I wouldn't be involved in personal finance journalism today if I didn't. Over the years *Financial Mail* has had a whole list of victories, on both micro and macro levels. At a micro level, we've persuaded insurers to accept claims previously rejected; we've managed to get some banks to keep open branches earmarked for closure; and we've forced banks to remove unfair terms from some of their savings accounts. On a macro level, we were instrumental in getting the government to set up a financial assistance scheme for those who had lost their company pensions as a result of their employer going bust.

Banks are commercial businesses. They are not government organizations or charities. Do you think it is right to challenge them on issues such as bank closures?

Yes. These are huge businesses making millions of pounds in profits each year. Yes, they are commercial organizations, but they must also have some form of social responsibility.

Having a healthy branch network is actually good banking practice. Just to take one example, it is abhorrent that some of the banks are currently shutting branches in socially-deprived areas. HSBC has just shut its branch in Tipton before the time it said it would, leaving the town without a bank. Tipton needs a bank branch. It is one of the most socially-disadvantaged communities in the country.

We have a government that is urging us to be more financially inclusive as a nation, and there is a major bank letting Tipton down. It is absolutely right that we highlight a wrong. And HSBC is committing a wrong.

Even though the same people who live in Tipton are invested in companies like HSBC through their pension fund?

Absolutely. I don't see that as an issue. At the end of the day, HSBC has let down the people of Tipton as it has let down a lot of people in socially-disadvantaged communities. Contrast that with NatWest, which is currently opening new branches and has put a mobile branch in Cornwall. That is good banking practice.

What do you think has changed since you first started writing about financial services?

There is far more interest in personal finance than when I first joined the *Sunday Telegraph* back in 1990. People are far more alert to personal finance issues, but I don't think we live in a world where people are better educated about those issues.

Has the world of financial services changed? Yes, it has, and there have been a lot of changes for the better. If you look at the insurance industry, for example, a lot of the products that it now delivers are far more transparent than they were in the late 1980s, when there was no requirement for companies to disclose. A lot of products were not set up for the consumers but for the people who sold them. And they earned commission, which they didn't justify. It is good to see companies like Legal and General and Norwich Union being very successful in recent years by delivering transparent products. That is a welcome development.

Has financial services journalism improved in that period of time?

No. I think personal finance journalism still leaves much to be desired.

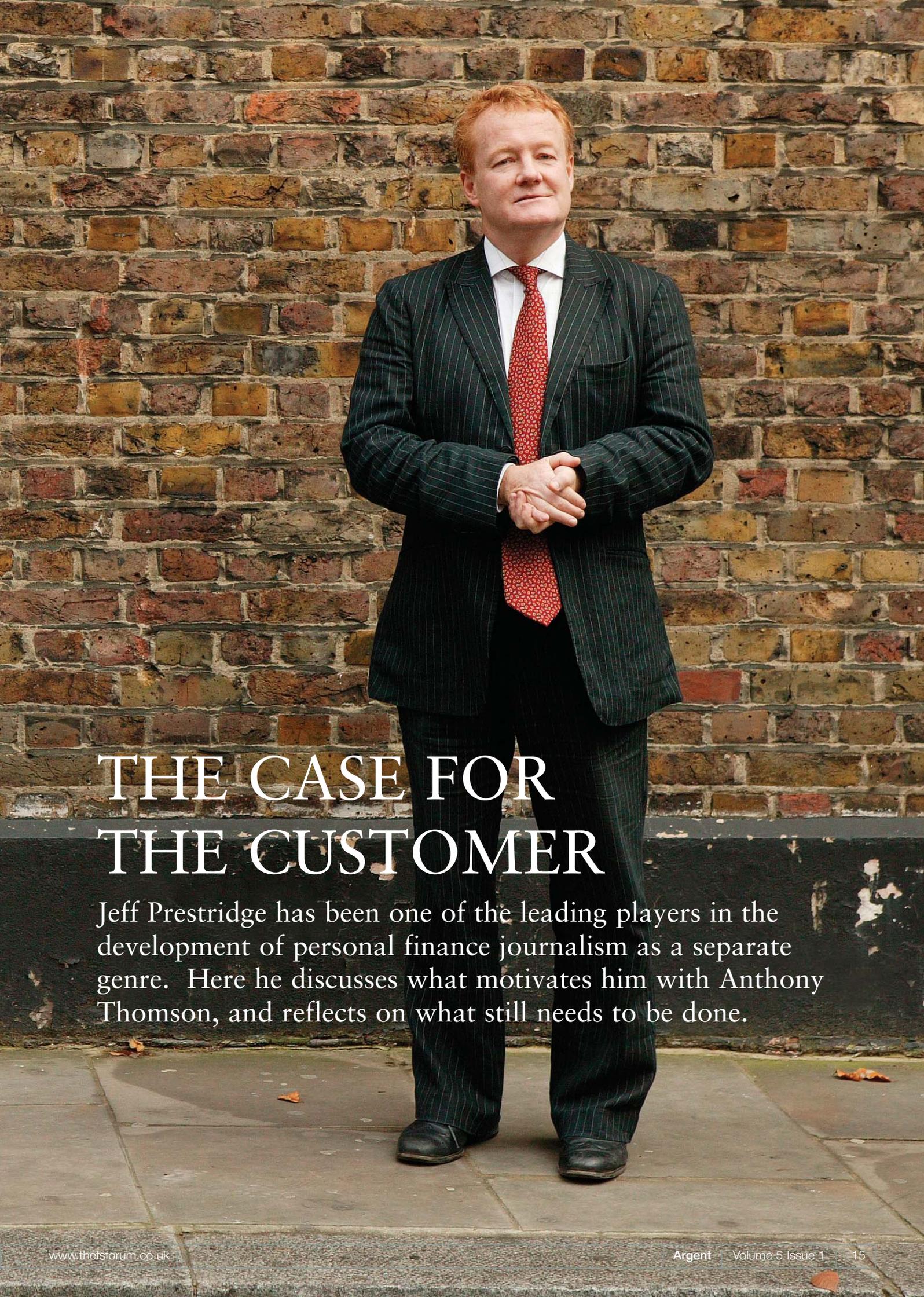
Yes, more newspapers are more "ballsy" about personal finance than they used to be, but there is still this perception in newspapers that personal finance journalism is the poor sister of the City, that

Jeff Prestridge has been the *Mail on Sunday's* Personal Finance Editor since 1994. He has been responsible for growing the money pages into a full supplement, covering city and personal finance issues. *Financial Mail on Sunday* is now well-established, and is one of the most widely-read and respected weekend money sections.

Prior to the *Mail on Sunday*, Jeff joined *Money Management* in 1987, and moved to the *Sunday Telegraph* in 1990 as Personal Finance Editor.

He has won a number of awards for his pioneering personal finance work, including the 1998 award for Best Journalist writing on life and pensions in a national newspaper at the ABI Financial Services Media Awards.

Jeff is married and has three sons. He is earnest, loyal and supportive of his friends. He can also be good fun. His is a big football fan (a West Bromwich Albion supporter) and has run many marathons across the world, including the formidable 100 mile Himalayan stage race.



THE CASE FOR THE CUSTOMER

Jeff Prestridge has been one of the leading players in the development of personal finance journalism as a separate genre. Here he discusses what motivates him with Anthony Thomson, and reflects on what still needs to be done.



the City should attract the cream of journalists. And all that personal finance journalism is about is attracting the adverts and filling the space around those adverts.

I've never thought that way. I'm proud to be a personal finance journalist, and would never want to be a City journalist. It's a great part of the journalistic world to be involved in. You can actually make a difference to peoples' lives.

Have journalistic standards risen? I just don't think so. I really feel that too much personal finance journalism is too product-based. We are there to serve our readers. If there is one thing that I have preached through the years, it is to get out and meet people. I see that as a big part of my job. It's not just meeting readers, it's about meeting the industry.

I hate public speaking and going before audiences and being put on the spot about issues, but I've never shied away from public speaking – I feel that it is part and parcel of my job. If somebody asks me to be part of a panel or asks me to speak about the good, the bad and the ugly in financial services, then I will do it. Not because I get a kick out of it, but because I feel it is part of my job. A lot of the journalism you see today is very lazy, and a lot is actually written from the desk without the journalists ever leaving their offices from Monday to Friday. I don't think that is what personal finance journalism is all about. We should be out there meeting consumers on a regular basis.

We are there to help consumers, so I encourage all my staff to get out and meet our readers, to take up the baton on their behalf.

What do you think about the FSA initiative on treating customers fairly?

I can't really argue against it, but it is sad, and an indication of the current state of affairs, that the FSA has had to go down that route. Any business worth its salt should surely already have at its heart an ethos based on treating customers fairly.

Unfortunately, too many companies have been too successful by putting all the emphasis on the sale at any cost. But there are some organizations that, at their heart, do treat customers fairly. Nationwide is the classic example. Everything it does, it does with a view to treating all customers fairly.

Mis-selling still continues to plague the financial services industry. I can't understand why some of these companies don't model themselves more on what the Nationwide does. Nationwide doesn't try to be the best thing in the world or deliver "best buy" products, but it does try to offer *fair* value across the board. I wish that more financial services companies would do that. It would be a far better personal finance world – even if it would put people like me on the dole.

But it saddens me that, here in 2006, there are still loads of companies that continue to put the sale before anything else.

Are you arguing the case for mutuality?

No. I've been a fierce critic of mutuality in the past. There are a lot of mutuals out there that are run not for the benefit of their customers but for the benefit of the executive directors. But there are some companies, mutuals or non-mutuals, that *are* able to treat customers fairly – and, if they wanted to, the others could do as well.

In society as a whole, citizens want the rights of citizenship but they don't seem to be prepared to accept that some duties or responsibilities come with those rights. Do you think there is a fair balance between treating customers fairly and customers acting responsibly and honestly?

Customers have responsibilities as well. On the issue of endowments, many people are now trying it on when seeking compensation – in some cases encouraged by the "ambulance chasers". Many people knew what they were buying, but the fact remains that a lot of people *were* mis-sold endowments and thought that their mortgage was guaranteed to be paid off. I believe the financial services industry has not helped itself, especially regarding endowment mis-selling.

The fact is that most companies have made an awful mess of handling endowment complaints. The regulator has probably come down on them much harder than if they had tried to sort out this mess right from day one. It annoys and upsets me that there are still organizations, such as Abbey, who continue to drag

their heels on endowment complaint handling. The sooner we move away from this whole debacle, the better for everybody. The better for financial services companies and the better for consumers.

Consumers need to be aware and do their homework before committing themselves to financial products. But let's be honest about it. The financial world and the financial products that are brought to market are often far more complicated than they should be. And when

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products are complex, then mis-selling usually stems from that. There is no doubt that, in the personal finance world that we live in, there is a total lack of education. I see that in the letters that I get. I get letters from doctors who don't know a PEP from a deposit account. They don't know the difference between a capital repayment and an endowment mortgage. And that is a very sad state of personal finance affairs.

Where do you think the responsibility for consumer education lies?

The starting point has to be the education system. The FSA has responsibilities. And financial services companies also have responsibilities. People like the Personal Finance Education Group are doing a wonderful job. It is a slow process but we need to spend money on it. People need to be armed with the basics of what the personal finance world is all about. It is pretty tragic that people are going to university



without an iota of understanding about the personal finance world. Those students will then carry debts into the working world.

Who is going to pay for this education?

The government must be forced to put personal finance education onto the national curriculum. That is where it all starts from. Financial services companies should pay towards better financial education in this country, because ultimately they will be the beneficiaries of that better education.

I would like companies to be far more transparent in their dealings with the public. Too many companies hide behind vaguely-written terms and conditions.

Isn't that what their taxes are meant to be paying for?

As I said, the starting point has to be putting personal finance on the national curriculum in schools. And that is right from primary through to secondary.

Has there been any change in the issue of trust in financial services companies?

Mistrust is a big issue in the personal finance world. There are occasions when I think that it is changing, and that companies have learnt their lesson. But I can rarely think of a time in the last sixteen years when we have not had at least one mis-selling scandal bubbling away. And, unfortunately, that is still the case.

There are too many issues that come across my desk on a weekly basis for me to think anything other than that many companies still don't treat their customers fairly, and so trust remains a problem.

We have been looking at, for example, protection policies, and the fact that a lot of people have made claims that have been rejected, even though they appear to be covered.

If the industry were to do a single thing to restore consumer confidence, what should that be?

I would like companies to be far more transparent in their dealings with the public. Too many companies hide behind vaguely-written terms and conditions. So transparency is the key. We've seen transparency improved in many areas, but not in all. Companies should be far more honest in their marketing literature about what a product can and cannot do for a consumer.

Yet we've seen research time and again that suggests people don't look at key facts.

Key facts as they stand today are hardly something you would want to read.

It is an inevitable consequence when you have the FSA on one side and the companies on the other side of the fence. We now have key facts and terms and conditions, but these are written to accommodate the lawyers and to ensure the companies don't get into problems with the FSA.

But the consumer is almost "piggy in the middle", struggling with terms and conditions that some Oxford academics would have problems in understanding.

Do you think the FSA does a good job?

No. I really do question the FSA's value for money. We've got a far better system than we have ever had, and it is good that mortgages and general insurance are now under one single regulator. But does it deliver value for money? I don't think it does. Does it spot mis-selling problems before they happen? I don't think that it does. Is it too bureaucratic? Yes it is. Is it driving businesses out of financial services? Yes it is. Is it leading to a concentration of power amongst a few providers? Yes it is.

I really do feel that the FSA is too all-powerful, and I don't think that it does what it should do, which is to identify rogues. We identify rogues more quickly than the FSA. It seems to me to be this monolithic organization that is not very responsive.

A regulator has to be nimble to deal with issues where people's financial livelihoods are at risk. I would expect the regulator to be far more agile, responsive and proactive. It tends to be far too reactive. I don't think that is good enough.

What will be the next financial services scandal?

I'm concerned about equity release, because regulation there is not all-embracing. And I still don't think there is enough value for money in equity release.

It is potentially a big market. I see it first-hand. My mum and dad are retired. My dad is in his late 70s and they have a wonderful bungalow in Sutton Coldfield, but they haven't got two pennies to rub together for the day-to-day stuff. Most of the products badged as equity release don't offer people like my parents good enough value for money, and this causes me grave concern.

What is the way to resolve the pensions issue? Is Turner right?

Turner has made a number of very good points. To me, it is a monumental problem. If you are going to start pointing fingers at anyone, then you can point two fat ones at Gordon Brown. His move in 1997 to tax company pension funds to the tune of £5 billion a year was one of the crassest decisions ever taken by a



Chancellor. As a country, we have been rightly proud of our occupational pension system, but in one fell swoop Gordon Brown put that sector on the path to destruction, and poor stock markets from 2000 through to 2003 exacerbated those problems

Occupational pensions should be the foundation upon which you construct a system that looks after the elderly.

Even though society has changed and people don't have jobs for life anymore?

When I say occupational pensions should be the basis for going forward, I'm not saying that any particular form of occupational pension is the right way.

Defined benefit schemes are something for the history books. Going forward, most people should be in money purchase schemes, which in turn are sponsored by their employers.

On top of that, we should have a properly-funded state pension that is linked to national earnings, and we must see an end to this hotch-potch of means-tested

benefits, which have done much to dissuade people from saving for retirement. Why save for retirement if, at the end of the day, you can depend on benefits? It's madness.

Are you proposing a form of compulsion?

I don't believe that compulsion is the way forward. One, we need a vibrant occupational pension system. Two, we need the government to accept the fact that the basic state pension should be a proper pension. Stakeholder was half a good idea. I would like to have seen stakeholder not just being a requirement for companies to *offer*, but for companies to be required to *sponsor* them as well. So the compulsion is not on the employee but on the employer.

Britsaver is interesting. What I'm suggesting is something that uses what we have already, and then encouraging employers to contribute through that rather than Britsaver.

I don't see why it should be done through Britsaver. We already have pensions that can do that.

But why should the employee not take some responsibility?

I am relaxed on that. The principles underlying Britsaver are fine where you have a suggested contribution from employee, employer and government. But I don't see why it should be done through Britsaver. We already have pensions that can do that.

Given that you give financial advice, do you think that personal finance journalists should be regulated and required to take some kind of qualification?

I don't think journalists should be *compelled* to take financial qualifications, but it is in their best interests. If I want to be good at what I do, and be seen as a professional operating in the personal finance market,

then I would see it as a requirement that I get qualified – which is why I took (and passed) FPC III.

That is the way I view things. Very few of my competitors have an FPC qualification, but that is an issue for them to address and for which they should be accountable. I don't think it should be compulsory.

With regard to regulation of financial journalism, I cannot see what that would bring to the party. I don't think that it would improve the quality of personal finance journalism.

How can journalists claim to be writing independently if they accept often-expensive travel or hospitality from companies, or write for them on a commercial basis?

In the past I have done junkets, but probably not for eight years.

Do I stop my staff going on junkets? I don't. Would I allow them to write about the company that has given them the junket? Only if it was disclosed in the article. So if one of my colleagues went to Japan, sponsored by an investment company and wrote an article on that, I would insist at the end of the piece that it was disclosed that the journalist had enjoyed the hospitality of that particular company.

As for journalists writing for financial services companies, the issue is not whether the journalist should be allowed to do it, but what they write about. I would never write for a company if it were to endorse that company's products. But if I were asked to write a

generic piece about the virtues of saving for the long-term, I wouldn't have a problem with that. I would go through the system here at Associated Newspapers that requires all of us to obtain editorial approval for anything we write. But I would never compromise my values to earn a quick buck with a particular company. And I would hope and pray that my competitors and colleagues adhere to similar ethics.

I'm passionate about my job. I work long hours. I've made some horrible mistakes and got stories wrong. I'm not proud of that, but I learn from them. I don't want to get anything wrong. I do my job to the best of my abilities.

Integrity is important to you

I'm a campaigning journalist. I know a lot of the industry doesn't like what I do. I know a lot of companies would love me to disappear into the background. When the ABI gave me an award for long-term services to financial journalism, the underlying message behind that was "Jeff Prestridge go". Most of the industry would love critical journalists like me to go. But to me it is very important that these companies be held to account. We need to apply certain checks and balances on what a lot of them try to get away with.

I sleep easily at night. Yes, I've made mistakes in the past and I have enjoyed corporate hospitality in the past, but you learn. I don't do anything today in my job that I am ashamed of. I battle like crazy for my readers. My readers are the people I serve and I see myself as a professional. The equal of an independent financial adviser.

What is your proudest moment as a journalist?

Most journalists see exclusives as their proudest moments, and I've had my fair share of exclusives through the years. One of my proudest moments was with the campaigning that I did on financial assistance for people who had lost their works pensions as a result of their employer folding. I'm sure that if it wasn't for people like me, and others who campaigned, the £400m assistance scheme that was introduced last May would never have seen the light of day.

Is that scheme adequate? Of course it isn't. But probably that is my biggest achievement over the years. I'm sure if it wasn't for the way that everyone involved – including some other journalists, experts like Ros Altmann, and the trades unions – argued the case, that scheme would never have come about.

When you have put yourself on the dole by fixing all these consumer problems, what would you like to do as a new career?

A postman, because I've got no problems getting up early. I'd be up at 4.30, deliver the post by nine, and mess around for the rest of the day. □