

## **British Financiers and Your Re-payments.**

It is interesting to observe that financial heads have justly rolled over on Wall Street, whilst our chaps over here, presumably much more qualified in financial matters and notwithstanding sub-prime crises, will receive their bonuses, as usual. Well, that's not quite true. The bonuses will be reduced, it is said, by a massive ten percent. That means only £900,000 where normally you might get £1 million. This drastic change of circumstances in the City has, however, not deterred one restaurant from offering a special Bonus Celebration Menu at £1,000 per head.

Those of us who read novels and watch television series can usually get the plot. But not, alas, when it comes to high finance. There, a different set of rules and customs seem to apply. We know the rules allow huge salaries and bonuses, the like of which most folk would spend several lifetimes earning. But is it right that in this industry, there appear to be a different set of legal rules? A company that sold shares to Joe Public was recently accused of deliberately providing 'inaccurate, incomplete and misleading' information, of charging people's accounts without sanction, and of 'writing up rubbish'. They had been pursuing similar sales policies previously but had changed their name. If Joe Public were to trot around lying in his teeth to obtain money under false pretences, he would soon be sent to the slammer. Not so if you are 'in finance'.

Even when caught out, you can still fight tooth and nail to prove you were not doing wrong. As with the banks, who are challenging their right to charge preposterous, unauthorised overdraft charges and other little tricks. They are bringing out the very cream of British Q.Cs to fight their case - Vos, Rabinowitz and Ali Malek, no less. So do not expect too much. But there is still a chance the banks will be caught out in the matter of another rip-off, recently revealed. The famous PPI which, when you take out a loan, is an insurance, sold to you by the bank, that protects you in the event of illness or unemployment. Except there is so much fine print setting out all manner of reasons why it might not apply, that in the end you find you haven't been protected at all. But, by Mammon, that PPI stuff cost a lot every month. Almost as much as the interest charges - the highest in Europe - on the loan. Some say the banks said 'no PPI, no loan.' Surely, that can't be true. Not here. Not in England.

But the real problem for Joe Public is that he loses whichever way it goes. If the banks win, he doesn't get his money back. If they lose, the banks will compensate themselves by taking more money from him through higher charges and by applying new ones. They have said so. They made it quite clear.

Further difficulties are ahead for poor Joe. His country's deficit and borrowing have both jumped (a bit like his own). Slowing the economy. Tax income last year was good - 'swollen by City bonuses'. This year the bonuses will be lower and the taxes therefore less, apparently! Those banks who lost money in the infamous sub-prime scam will want to recoup this from Joe. Where else can they go? So we are back to more charges and new charges. Higher loan repayments, higher mortgage repayments, higher cost of living.

Somebody has to pay for the wonderful excesses of the high financial world up there in the City: those colossal salaries, those galactic bonuses - protected by batteries of tax advisers that save the wealthy £13 billion a year - and those massive misjudgements. Poor old Joe.

In France and Germany, their governments are concerned about the cavalier and excessive ways of financiers and have announced plans to introduce firmer controls. Will it happen here? Are you holding your breath?