

A TRUE 21st CENTURY CASH-SAVING CHAMP

Profiteering retailers and financial service firms have met their match with Martin Lewis. Rachel Williams talks to the money saving expert and finds out how his strategies can save you thousands

Money saving doesn't have to be about denying yourself a take-away coffee in the morning, living off beans on toast and sacrificing your social life, according to Martin Lewis, the creator of Moneysavingexpert.com and presenter of ITV1's money-makeover show, *Make Me Rich*. It's about completely changing the way we manage and spend our money to make 'pain-free' savings. "My solution is harder to understand – it does take work, but it shouldn't require any lifestyle changes," he explains.

In *Make Me Rich*, Lewis boasted an average pain-free makeover saving of £5,100 a year.

"It's all about being a savvy consumer," he explains. The problem is, there is a huge imbalance between consumers and the companies we deal with. "We live in an adversarial consumer society. Companies spend millions on brands, marketing, advertising and training for sales people – but we don't get any training as consumers.

"When I was filming *Make Me Rich* I went into a guy's house. He had no debts other than his mortgage and he spent less than he earned. So, you'd think he was good with money.

"This man had been with his mortgage lender for 15 years, the same for his bank. He had £86,000 in a saving account that was paying less than 1%, but his bank had never told him that they had six other savings accounts – one of which would have paid him more than £3,000 after tax in just one year. In one day I reclaimed him £8,500 a year – it was a 30% pay rise."

Like many of us, the man was paying the price for loyalty. "He asked me, 'do you think I'm a fool?' I said 'no, it's just that your logic is 30 years out of date'."

It's in helping consumers bring their logic into the 21st century that Lewis has carved his niche. He's not a financial adviser and does not like to be seen as a member of the financial services industry. "It's the reason I never wear a suit," he insists. Instead, Lewis – who has previously worked in PR, TV and as a journalist – identified a demand for everyday spending and saving advice and built up his

knowledge through his voracious appetite for research. His website, MoneySavingExpert.com, was built for £100 in February 2003 and now receives more than a million hits a month. In addition to a monthly column for *Moneywise*, Lewis has regular slots on *Richard Hammond's 5 O'Clock Show* and is the money-saving expert on *Tonight With Trevor McDonald*. He has also written a best-selling book, *The Money Diet*.

So how do you start saving money? Lewis says: "People often make the mistake of assuming money is all about finance. How you buy your weekly shop, your DVDs, your contact lenses... that's all as important as the stocks and shares you buy."

There are three stages to Lewis's approach. Level one is simply to start shopping around for the best deals, the second is to begin paying more attention to company thought-processes and marketing tricks, and the third is to spot loopholes and manipulate offers to make money, not just save it.

The biggest, and easiest, money savings can often be gained on your largest monthly expense – your mortgage (see box above). By remortgaging, Lewis says a family that hasn't previously paid much attention to their home loan can easily save between £1,000 and £2,000 a year. "Every 1% you cut off a £100,000 mortgage will save you £1,000 a year."

Credit cards also present numerous opportunities. If you have hefty credit-card debts, transferring onto 0% credit cards allows you to stop paying interest. If you don't have the discipline to keep switching, can't get new credit or want to protect your credit rating, you can often slash your interest with what Lewis calls the 'credit card shuffle'. Simply ask your existing lender for a lower rate of interest – they'll often oblige if you threaten to take your busi-



Getting started – Martin's tips

Remortgaging

This is a simple and easy way of making big savings. A mortgage broker can find the right deal for you, without you spending hours on the net or trailing down the high street. However, you need to choose carefully. Always ask the following two questions before making a choice – Firstly "are you whole of market (not are you independent)?" You should be able to find a broker that can sell you a mortgage from any mortgage lender, rather than one that works from a panel representing the whole of the market. Lewis' second question is "how much will you charge?" "Unless their answer is, 'it's free', you're with the wrong broker," he says. London and Country mortgages is one such national broker although there are plenty of other smaller firms that also meet this criteria.

Credit cards

The right plastic can save and make you money. However, it's a sector of financial services that's so complicated and plagued by small print, that Lewis devoted 70,000 words of *The Money Diet* to the subject. So if credit cards are going to be central to your money saving strategy you need

to know what you are doing. "Do not be a credit card tart unless you are good at it. The majority of people are bad tarts and should be using a stable relationship card that charges a low standard variable rate for the life of the balance," he warns. And when you're relying on introductory offers always check the terms. "If there is a special offer rate, but it only applies to balance transfers, never ever, ever, ever, spend on that card." If you do, your repayments will, in the vast majority of cases, go towards your interest-free balance, allowing interest on your new debts to rack up.

Shopping

You can save huge amounts of money by simply rethinking every purchase you make. Lewis has two shopping mantras he suggests you repeat before making a purchase. "If you are skint: do I need it, can I afford it and can I find it cheaper? Or, if you're not: will I use it, is it worth it and, can I find it cheaper?" Lewis also urges shoppers not to buy on impulse. Go home and think about it. "Otherwise our little shopping monster will always convince us to buy."

ness elsewhere – and you should stand to save hundreds. "During *Make Me Rich*, I cut someone's interest from £1,800 a year to £450 without taking out any new credit."

Even if you're not in debt, it's still worth paying attention to the plastic in your pocket. Precision plastic is key. "Another mistake we make is hunting down the best credit card, but it's about using the best card for each purpose. If you are using just one card you are being ripped off." One card for example, may offer the best rate for balance transfers but sting you on new purchases, another may be the best card for overseas spending, but not offer you good value for money if you're repaying debts.

Manipulate the best credit-card offers and it's even possible to engineer debts to make money. By 'stoozing', for example, you can borrow money interest-free and then earn money on it in a high-interest account.

Then, by switching utilities, shopping around for the best deals for everything from your bank accounts and insurance through to your phones, weekly shop and your retail

therapy – it's possible to save thousands before you even start to feel the pinch.

Helping people save money clearly makes Lewis happy. But, it's how the emerging breed of savvy consumers are squaring up to the corporate giants and beating them at their own game that really puts a smile on his face.

Barclays was recently offering a £100 incentive to people who opened what Lewis describes as an "abysmal" current account. The account paid 0.1% on credit and 16% on overdrafts and you simply had to pay in £1,000 twice to get your money. Lewis spread the word – and within 18 hours Barclays closed the offer. "Thousands of people got their £100, but we forced them to stop that offer, that's the real poetry." ●

More money-saving advice is available from Martin Lewis at MoneySavingExpert.com or from The Money Diet (Random House, £7.99). If, on the other hand you think you're already cash savvy, turn the page to find out if you could be Britain's Best Money Saver.