



Making your holiday money work better for you Alison Rice - Travel Expert

Recent research has found that British holidaymakers waste more than £100m by not using their loose change once they return from an international trip. That's enough to stay in The Royal Suite at The Ritz for 123 years.

71.9% of us bring back loose change after our foreign holidays. One in four of us bring back between £11 and £20 in foreign currency.

YOUR HOLIDAY MONEY

If you're on an all-inclusive holiday, you'll probably need very little local currency and some plastic for emergencies and souvenirs. But if you're organising everything yourself, you'll probably want access to loads of money while you are away. For instance, if you are self-catering on a small Greek island you'll need a lot of euros (no ATMs, shops often take cash only); while in the States, you can get by with plastic but will need small dollar bills for tipping.

Buying currency in the UK

- Airports offer the worst rates. Buy your currency before you leave home.
- When you buy foreign currency you'll be charged extra to pay by credit card. Use a debit card or sterling cash to avoid.
- Shop around for the best rates, but remember, bureaux de change at home and abroad which advertise NO FEE often give the poorest exchange rates.

Buying currency abroad

ATMS

- It costs money to get cash from a foreign cash machine. You'll be charged what's called a **Non-Sterling Cash Fee**, which is around 2% often with a £2 minimum. This also applies to getting cash over the counter at a bank abroad. You'll also be charged a **Non-sterling transaction fee of around 2 – 3%**.

Currency cards

- Who still has some travellers cheques? They are increasingly hard to use abroad, and sterling travellers cheques are a no-no in the USA. In future, you may prefer a currency card. Currency cards are like electronic travellers cheques. You load it up with cash in advance and use it when away, like a debit card. Unlike credit and debit cards, you don't pay any extra fees when you use the card. The gain over cash is if you lose the card, you shouldn't lose the cash, although you may need to pay a replacement card fee (usually around £10). Plus, the card isn't linked to your bank account so you can only ever lose what you've put on the card. The downside is that you fork out the money in advance.

Credit Cards

- Credit cards charge a foreign-transaction fee of between 1% and 3% whenever you buy something abroad, but this is still the safest and often the cheapest way to make a large purchase.
- There are some **specialist accounts** that don't add a charge. It is possibly worth getting one of these if you travel a lot or you spend a lot on holiday. Use it just for spending overseas and repay in FULL or the interest charges will be more than you save by using the card abroad
- Only use your credit card for cash in emergencies. You'll be charged interest from the day you withdraw the cash even if you repay in full.

Debit cards

- You'll be charged to withdraw money – usually around 2% on the amount you take out and some cards also add a fee of around £1.50 on top, as well as charging currency exchange costs.
- You'll be protected against fraud, so if someone steals your card you can claim compensation for any money they spend. But, unlike with a credit card, **you won't be covered for any faulty or undelivered goods** (worth over £100) you buy while you're away.

TOP TIPS

- **Paying in sterling** - Watch out for what's known as **dynamic currency conversion** when you use a debit, credit card or sterling prepaid card. This is where you're given the option of paying in either sterling or the local currency. This may seem like a good idea as you'll know exactly how much you're spending but as a general rule, you should choose to pay in the local currency. This is because many restaurants and retailers use an unfavourable rate of exchange to convert the price and you can end up paying over the odds.
- **Let your bank know where you're going** – if you don't they may think your card is being used fraudulently and block your account. It's a good idea to give them a contact number too, just in case they need to get in contact with you. Some banks only need this if you're holidaying outside Europe.
- **Ask for a higher credit limit** if you'll be spending a lot on your credit card
- **Note down your card company's 24-hour number** – for lost/stolen cards
- **Share the cash and cards around your party.** Travelling solo? Share them round your bag and pockets