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**BRITISH HOLIDAYMAKERS RISK £327 MILLION IN EXTRA CHARGES FOR USING THEIR CREDIT CARD ABROAD THIS SUMMER**

- **12 million consumers (24%) plan to use a credit card while holidaying abroad this summer, racking up fees of £327 million<sup>[1]</sup>**
- **But the 12 million (24%) planning to use a debit card will also be stung with a double set of fees<sup>[2]</sup>**
- **60% have used a cash machine to withdraw money abroad, risking fees of up to £3 each time<sup>[3]</sup>**
- **44% of credit card holiday bookings and expenses will be made using a standard credit card with no features such as cashback, rewards or a 0% purchase rate<sup>[4]</sup>**
- **1 in 3 consumers (36%) will travel to the eurozone this summer but just 30% will prioritise finding the best exchange rate<sup>[5]</sup>**
- **Financial awareness goes into holiday mode as 1 in 4 (25%) will use whichever card is handy on holiday rather than checking the best card for the job<sup>[6]</sup>**
- **18 million (53%) holidaymakers will put the cost on plastic this summer, but one in ten (12%) are still struggling to pay off debts from their last holiday<sup>[7]</sup>.**

British holidaymakers risk running up over £327 million in extra charges just by using their credit card abroad this summer, according to [uSwitch.com](http://uSwitch.com), the independent price comparison and switching service<sup>[1]</sup>. But consumers using a debit card could end up paying out even more, with many banks charging a double whammy of fees on all overseas spending<sup>[2]</sup>. In total, 18 million holidaymakers (53%) will put the cost of their trip on plastic this year despite one in ten (12%) still paying off debts from their last holiday<sup>[7]</sup>.

According to the research, one in four consumers (24%) plan to use a credit card to cover their spending while on holiday abroad this summer, with an average of £992 estimated to be put on each card. But average exchange rate transaction fees of 2.75% mean that holidaymakers could come home to a credit card bill that is way over the odds, to a collective tune of £327 million<sup>[1]</sup>. The 60% of consumers that have used their credit card to withdraw cash abroad will be hit even harder, with fees of 3% on top of the transaction fee, plus daily 'cash advance' interest charges on all cash withdrawn at rates of up to 39.9% per day until the amount is paid back<sup>[3]</sup>.

But the 24% of consumers planning to use their debit cards abroad will be hit even harder. Not only will they have to pay a 2.75% transaction fee, but they will also be charged a 'purchase' fee of around £1.25 per transaction<sup>[2]</sup>. This means that a customer paying a £100 restaurant bill on their debit card abroad could typically end up being charged £104 for the meal – whereas if they paid on their credit card they would be charged £102.75 in total<sup>[8]</sup>.

When it comes to cash withdrawals, however, using debit card works out cheaper than a credit card, with fees of 2% rather than 3% on top of the transaction fee, and no hefty cash advance interest charges<sup>[2]</sup>.

The research also reveals that consumers are missing a trick when it comes to paying for the holiday itself. Over half of holidaymakers (53%) are putting the cost on plastic this summer, but 44% of credit card holiday bookings are made using a standard credit card with no defining features such as cashback, reward points or 0% on purchases<sup>[4]</sup>.

And, despite 35% travelling to the Eurozone this summer, less than a third of Brits (30%) will prioritise finding the best exchange rate to save money<sup>[3]</sup>. On the holiday itself it appears that consumers take a laid back approach to their finances, with one in four (25%) using whatever card they have in their wallet at the time rather than the one that gives them the best deal<sup>[5]</sup>.

Worryingly, one in five consumers (19%) are willing to get themselves into debt to pay for a holiday abroad<sup>[4]</sup>, despite one in ten (12%) still struggling to pay off debts from their last holiday<sup>[7]</sup>.

**Table 1: Best Credit Cards to Use Abroad**

	Exchange Rate Transaction Fee	Cash Fee	Typical APR
Nationwide Building Society Select Credit Card	0%	2.5% (min £3.00)	12.90%
Post Office Platinum MasterCard	0%	2.5% (min £3.00)	16.90%
aqua Advance Credit Card	0%	3.0% (min £3.00)	34.90%
Nationwide Building Society Credit Card with Balance Transfer	2% (free when you build up your allowance through spend in UK sterling)	2.5% (min £3.00)	15.90%

Source: [www.uswitch.com](http://www.uswitch.com), correct as at 14/5/13

**Michael Ossei, personal finance expert at [uSwitch.com](http://uSwitch.com), says:** “Travelling abroad is expensive enough without the extra penalties for using the wrong card while you’re there. Financial awareness may go into holiday mode, but a high credit card bill is one holiday hangover you can do without.

“Too often we rely on the convenience of plastic without thinking about the extra fees that may apply, but with some planning ahead it’s possible to escape the hefty charges. The simple rule is, if you want to use a card on holiday, use a credit card for spending and a debit card for withdrawing cash. There are credit cards on the market that charge no transaction fees when you use them abroad – these are the ones to go for.

“Alternatively get a pre-paid currency card which offers the convenience of a credit card without the borrowing and allows you to top up foreign currency, some with no commission charges. The best thing about currency cards is that you can only spend what you load on them so you are guaranteed not to overspend.

“If you prefer to pay with cash, make sure you take both exchange rates and commission rates into account to get the best rate on your money. This will normally involve pre-ordering your currency and collecting it before you travel. Avoid changing currency at the airport or straight from your debit card, as commission fees could cost you those well-earned poolside drinks.”

**Table 2: Credit Card Fees Abroad Based on Most Popular Cards**

Rank	Supplier	Product name	Exchange Rate Transaction Fee	Cash Fee
1	John Lewis & Waitrose Partnership	Partnership Card	2.75%	2.50% (min £2.50)
2	First Direct	First Direct Credit Card	2.99%	2.99% (min £3.00)
3	American Express	American Express Platinum Cash back	2.99%	3.00%(min £3.00)
4	Co-operative Bank	Platinum Fixed Rate credit card	2.75%	3.00%(min £3.00)
5	Marks & Spencer	M&S Credit Card	2.99%	2.99%(min £3.00)
6	Nationwide	Nationwide Credit card	2.00%	2.50%(min £2.50)
7	Tesco	Tesco Bank	2.75%	3.00%(min £3.00)
8	Sainsbury's Finance	Sainsburys Bank Cash back credit card	2.75%	3.00%(min £3.00)
9	Capital One	Capital One Classic	2.75%	3.00%(min £3.00)
10	Virgin	Virgin Balance transfer card	2.99%	5.00%(min £5.00)
11	MBNA	MBNA Platinum Credit Card	2.99%	5.00%(min £5.00)
Typical Rate			2.75%	3.0%(min £3)

Source: [www.uswitch.com](http://www.uswitch.com), correct as of 14/5/13

**Table 3: Debit Card Fees Abroad Based on Most Popular Current Accounts**

Debit Card Provider	Exchange Rate Transaction Fee	Purchase Fee	Cash Fee	
Nationwide BS	2.00%	N/A	£1.00	
Co-operative	2.75%	N/A	2% (min £2.00)	
First Direct	2.75%	N/A	2% (min £1.75, max £5.00)	
Halifax	2.75%	£1.50	£1.50	
NatWest	2.75%	£1.25	2% (min £2.00, max £5.00)	
RBS	2.75%	£1.25	2% (min £2.00, max £5.00)	
Santander	2.75%	£1.25	1.5% (min £1.99)	
Barclays	2.99%	N/A	£1.50 (free if you're using a Barclays ATM or an ATM at a Global Alliance member bank)	
Lloyds TSB	2.99%	£1.00	1.5%(min £2.00, max £4.50)	
Typical Rate		2.75%	£1.25	2%

Source: [www.uswitch.com](http://www.uswitch.com), correct as of 14/5/13

For more information on credit cards visit <http://www.uswitch.com/credit-cards/>

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**Notes to editors**

Research carried out online with the uSwitch.com Consumer Opinion Panel in April 2013 amongst a sample of 1,042 GB adults

1. 60.3% of consumers are planning to go abroad this summer and 39.4% of these are planning to use their credit card for general spending while they are there. This means that 24% of consumers will be using a credit card abroad this summer – or 12 million consumers when applied to the population of 50 million (ONS). The average amount they will spend on their card is £992.11. Using a typical transaction fee of 2.75% based on the most popular credit cards on uSwitch.com (see table 2), each consumer will pay £27 in fees whilst on holiday. This is £327 million when applied to the 12 million consumers.
2. When asked 'Which of the following ways did you use to pay for your holiday expenses?' 24% said 'Debit card'. See Table 3 for debit card charges incurred.
3. When asked 'Thinking about previous holidays abroad, have you ever been forced to take cash out of a cash machine?' 60% said 'Yes' and 40% said 'No'. See Table 2 for credit card cash withdrawal charges.
4. When asked 'Which card did you use for most of our purchases', 44% said 'Standard credit card'.
5. 61% are planning to go on holiday this year and 59% of these are planning to go to the Eurozone, equating to 36%.
6. When asked 'You said you plan on using a credit or debit card abroad. Which of the following best applies?' 35% said 'I always research the best card to use and make sure I have it'; 31% said 'I make sure I understand all the fees and charges involved with using my card abroad'; 25% said 'I use whatever card I have in my wallet at the time'; 4.5% said 'I'm not aware the some cards are better than others'; 4.5% said 'I don't understand all of the fees and charges involved with using my card abroad.'
7. The research reveals that 61% of respondents plan to go on holiday this year – with the UK 18+ population estimate 50 million according to ONS Mid-2011 Census data – this means that 30.5 million plan to go on holiday. When asked 'Did you pay for all or some of your holiday expenses using a credit card?' 60% said 'Yes' therefore 18 million consumers paid for some of their holiday using a credit card. When asked 'Is there any debt on your card from your last holiday?' 12% said 'Yes'; 86% said 'No' and 2% said 'I don't know'.
8. If a customer paid for an £100 restaurant bill while abroad they would pay £2.75 transaction fee (based on rate of 2.75%) plus £1.25 purchase fee, total £104. If they paid the same bill on a credit card they would pay the same £2.75 transaction fee (based on rate of 2.75%) but no purchase fee, total £102.75.

**About us**

uSwitch.com is a free, impartial, online and telephone-based comparison and switching service, helping consumers compare prices on gas, electricity, water, heating cover, home telephone, broadband, digital television, mobile phones and personal finance products including mortgages, credit cards, current accounts and insurance. In 2010 uSwitch.com celebrated ten years of saving customers money.

uSwitch.com is the first comparison website to achieve the Plain English Campaign's Internet Crystal Mark, which is recognised as a standard that a website has clear language, is accessible and easy to use, and has been tested on a sample of its users.

uSwitch.com is dedicated to helping consumers save money whether they have internet access or not. It offers a dedicated call centre, manned by uSwitch customer service representatives, as well as a freepost 'Send us your bill' service, whereby customers can post their latest energy bills with their telephone number to FREEPOST USWITCH, to get a free call back from a dedicated customer services representative. The service is also available via fax, email and post. Consumers should fax 0203 214 8417, email [CustomerServices@uswitch.com](mailto:CustomerServices@uswitch.com) or write to Customer Services, uSwitch.com, Centro 3, 19 Mandela Street, London, NW1 0DU with their postcode and usage details.

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