

THIS TRANSCRIPT IS ISSUED ON THE UNDERSTANDING THAT IT IS TAKEN FROM A LIVE PROGRAMME AS IT WAS BROADCAST. THE NATURE OF LIVE BROADCASTING MEANS THAT NEITHER THE BBC NOR THE PARTICIPANTS IN THE PROGRAMME CAN GUARANTEE THE ACCURACY OF THE INFORMATION HERE.

MONEY BOX

Presenter: PAUL LEWIS

TRANSMISSION: 21st MAY 2011 12.00-12.30 RADIO 4

LEWIS: Hello. In today's programme, we reveal the lies that are told to sell plots of land at inflated prices to investors. HM Revenue & Customs is accused of wrongly rejecting claims for tax to be written off after it makes the mistakes. Petrol hit a record high this week, but why when the price of oil is well below its peak? We hear a call for the Bank of England inflation target to be raised as prices rise by more than double the 2% it aims for. And if you were mis-sold Payment Protection Insurance, how to make sure you keep all your compensation.

But first, 2 months ago the programme told the story of a retired ex-soldier who was persuaded to pay more than £100,000 for eight strips of virtually worthless land around the UK. The firm which sold the strips - The Property Partnership - is now in liquidation, but Money Box believes the man behind The Property Partnership is connected to the launch of a similar company. Bob Howard's with me. Bob?

HOWARD: Paul, Billy McNaught, a 75 year old pensioner from Harrogate, was told by the firm that his plots were prime development land; and if they were bought to be built on, he could make a huge profit in just a few months. But having invested, Billy then got suspicious and tried to get his money out, and he started recording his calls as the sales pitch went on.

SALESMAN: We need to finalise that last payment which we spoke about because if we don't, I don't even want to think about what's going to happen.

McNAUGHT: I've got no money left. You've got all my money. How many more times have I got to tell you that?

SALESMAN: Well you could probably another £10,000 in a week, yeah?

McNAUGHT: I wish I could.

SALESMAN: Come on, mate! We've got to think outside the box. You can sell your car, sell your house. Beg, borrow and steal for this. We've got to do it, William!

HOWARD: Already deeply worried, we took Billy to see one his land strips which he'd bought for £10,000 outside Towcester in Northamptonshire. A local estate agent valued it for Money Box at just £75. Since then, Billy and other victims have been trying to find out who runs The Property Partnership and whether they can get their money back. And Money Box has been trying to find out too.

LEWIS: And that's you, Bob. What have you discovered?

HOWARD: Well Paul, the shareholder or shareholders in The Property Partnership have been keen to hide their identity - not surprisingly perhaps - and we've discovered that the shares for the parent company are held anonymously by a third party. But since we broadcast our original story 2 months ago, we've been in contact with "Gareth" (whose name we've changed) who sold strips of land for The Property Partnership for 3 months in 2007. He told me how the brokers went about their business.

GARETH: We were told to lie absolutely. We were scripted and the script was pretty much 100% lies in itself. However, all the top brokers, the people who'd been there any length of time, were given free will to go off the script and all manner of promises were made there. Pretty much as long as that cheque came in, then the management were not bothered whatever you said.

HOWARD: How quickly were you saying they could make a profit, and how big a profit were they going to make?

GARETH: We were saying to them that they would have to wait at least 3 months, but it could take up to a year to 2 years to make the big money. We were saying that absolutely to make 100% on top of your investment should be the very least that you know we're looking at on that.

HOWARD: But you were lying?

GARETH: Yes.

HOWARD: Gareth was so uncomfortable about what he was doing that he quit The Property Partnership after those 3 months. He also contacted the police to warn them about what the firm was up to. Now Gareth and a second insider both told us the man behind The Property Partnership is a Kent businessman called Scott Assemakis. Gareth told me how he was first recruited by Scott when he was working as a salesman in Spain.

GARETH: I spoke to him on the telephone from Palma de Mallorca and he just asked what I was doing over there, what kind of sales experience I'd had, was I ready for a move to London for training and to move into a very high pressure land banking role where I was reminded once again I could earn a million in a year? I physically first met him on the Monday morning at the office. Very, very pleasant character. If you didn't know what he did, you'd probably share a pint with him and like his company.

HOWARD: So what makes you believe that he runs the company?

GARETH: It was just well-known - told from other managers, told from other brokers. It was just common knowledge.

HOWARD: And we have documents to show Mr Assemakis certainly had a major interest in the firm. It was put into liquidation last month and documents from Companies House show the individual who's the biggest creditor, owed £53,000, is Scott Assemakis.

LEWIS: So, Bob, if Property Partnership is no more, are potential investors still being targeted?

HOWARD: Well sadly they seem to have been. Firstly we understand he's started to focus his selling via another company called Burnhill Land Investments Limited. We've had several Money Box listeners tell us they've been phoned by the firm. Indeed some have emailed this morning and they've mentioned and they've mentioned the same high pressure sales techniques. And now we understand a third company's been created called Complete Building Systems Limited. When we looked at it online, the similarities with the website for The Property Partnership and Burnhill Land Investments Limited were striking; and if you have had any contact with this firm, we'd be very interested to know.

LEWIS: And what's Mr Assemakis got to say to these allegations?

HOWARD: Well, Paul, The Property Partnership refused to comment when we first ran this story. We approached the firm again this week several times to ask for comment from Mr Assemakis, but again the firm did not respond.

LEWIS: And finally, Bob, advice from you to those who've been cold called about investing in land.

HOWARD: Well I think the golden rule is if you get a phone call from somebody you've never heard of offering you an investment in land or anything else, put the phone down. Any firm that's regulated isn't allowed to cold call you. And if you're already involved, contact the City of London Police or the Financial Services Authority.

LEWIS: And there are links to those on our website: bbc.co.uk/moneybox. But Bob, before you go - as you mentioned, we've had many more emails just this morning from people who've lost money.

HOWARD: That's right. W.G says his 88 year old father invested £120,000 with The Property Partnership. He's being bombarded by other companies to spend more. And Pauline from Nottinghamshire says she bought land from The Property Partnership in 2007 and paid £10,000. She was recently contacted by them again asking for another £6,000 to buy extra land to get out of the site. That's a common theme we hear. She says she paid up and they sent her a receipt and land registry documents. "What an idiot" she says of herself.

LEWIS: Thanks Bob. Some sad tales there. And there's a link on our website to Bob's online story about this, and at the end of that you can let us know your land banking experiences or just email us: moneybox@bbc.co.uk.

More than 95,000 people have asked HM Revenue & Customs to let them off tax demands which arrived after the Revenue got their tax code wrong. But three quarters of those are being turned down and an accountant now says these decisions may themselves be faulty. Since last September, the Revenue has sent out more than 6 million wrong tax codes, and more than one and a half million of those resulted in too little tax being paid - which of course they've asked to have paid. The procedure for requesting the Revenue to give up that tax which is due is called Extra-Statutory Concession A19. Tony from Kent faced a bill of £2,600 for unpaid tax, and he phoned Revenue & Customs to lodge a claim under the A19 concession, but his claim was rejected almost at once.

TONY: He reviewed it over the phone with me and said no, it's my fault; you've not informed the tax office of my earnings completely. So I argued and said, "Well I think that's a little bit wrong information because I pay PAYE through my company. They inform you of how much I earn and you send me a tax code and I pay the tax that you ask for. So I do believe that you've been informed of everything". "Well I'm sorry", he said, "it's your fault. You haven't informed us of your earnings".

LEWIS: Well Tony then put his claim in writing and asked for a review and HMRC has now agreed not to collect that £2,600. But not everyone's so lucky. Live now to Norwich to talk to Clare Goodswen, a partner with accountants MA Partners LLP. Clare Goodswen, what are your concerns about the letters which people are getting from HMRC to turn down these requests?

GOODSWEN: Good morning, Paul. Well I think the main issue here is that the letters do not appear to be following the Revenue's internal procedures as published in their manuals, so clients are getting letters that are just saying 'in my opinion' rather than factual letters.

LEWIS: Yes, I mean I've seen some of them. There's a sentence in one. It says - and I quote - 'We have no record of receiving information about your tax affairs, which may have led to you not paying enough tax'. I spent a very long time trying to work out what that meant.

GOODSWEN: Yes indeed.

LEWIS: Is that an adequate explanation?

GOODSWEN: No I don't think it is, and I think certainly the taxpayers that have received these letters are mystified by that sentence. As far as they're concerned, to all intents and purposes the Revenue have had everything that they need to assess their taxes correctly.

LEWIS: And this is the point, isn't it - that people feel, as Tony did, that they have given the information in the detail that's needed. The Revenue has failed to use it and therefore if too long has passed, they shouldn't be able to collect it. What level of detail should be given though when these claims are turned down? What should the Revenue be saying, in your view?

GOODSWEN: Well the Revenue's manuals say that they should be providing a full

explanation of the reason for the decision to refuse to give up the arrears, and to my mind that should be dates such as when P11Ds were received and information from employers, etcetera. That isn't happening. We're just getting an all encompassing 'in my opinion, the concession doesn't apply'.

LEWIS: Now I spoke to HMRC about this and a spokesman told me, admitted indeed that the letters weren't as good as they would have hoped for, and that wording is being looked at. But on the figures we've been given this week, more than 72,000 people have been turned down with such a letter. What can you do if you get one and you still don't agree that it's right?

GOODSWEN: Well I think the most important thing is not to give up. The taxpayers that are getting these letters are largely unrepresented and the message has to be to go back and actually challenge them to review their decision again.

LEWIS: Which they will do, won't they?

GOODSWEN: Yes, absolutely. There is no statutory process to appeal against it, but you can ask for a higher officer to review the case.

LEWIS: And briefly, Clare, one of the things the Revenue also said to me is that people are writing in with very bad applications. They're just saying please don't collect this money under ESC A19. What are the things you have to tell them to make a valid claim under this Extra-Statutory Concession?

GOODSWEN: Well I think the most important thing is that you have to be able to demonstrate that the Revenue have failed to make proper and timely use of the information that was supplied to them either from you or your employer (or from the DWP if perhaps you're in receipt of a pension), and also that you reasonably believed that your tax affairs were up to date. And that's the key thing - reasonably believed.

LEWIS: So not just believe it, but reasonably believe it?

GOODSWEN: Absolutely.

LEWIS: And I guess if the Revenue tell you something, I think I might reasonably believe it.

GOODSWEN: I know, I know, and I would encourage taxpayers to come forward and to challenge that.

LEWIS: Clare Goodswen, we must leave it there, from MA Partners LLP. Thanks very much for that.

This week petrol prices at the pump across the country hit a record high: unleaded cost £1.36 a litre; diesel more than £1.40 on average. Money Box listener Steve Richards contacted us to ask why the price of petrol was so high when the price of oil itself is 20% lower than its 2008 peak. Our reporter Ben Carter looked at the figures.

CARTER: As Steve pointed out, while the petrol price is around the record high, the current cost of a barrel of Brent crude oil is not. In July 2008, the price hit a record \$147 a barrel. It's currently \$112. So people are justifiably asking why are petrol prices higher now than they were in 2008 when unleaded was £1.20 a litre. There are three reasons for this. Despite the government reducing the fuel duty by a penny in this year's budget, it's still nearly 8p more than it was in 2008. Currently 57.85p of every litre sold is taken in duty. The second reason is an obvious one: VAT has gone up to 20%. Around 23p in every litre is taken in VAT, so the government's total share is roughly 65% of the price of each litre. The third reason is the exchange rate. Barrels of oil are priced in dollars, and in 2008 the pound was a lot stronger against the dollar than it is now. You could get nearly \$2 to the pound. So at the peak, \$147 a barrel equated to around £74. Currently the exchange rate is around \$1.60 to the pound, which means \$112 barrel of oil, the price today is around £70.

LEWIS: So adding up all those changes, what difference does all this make?

CARTER: Well the current average price is £1.36 a litre for petrol; but if the exchange rate and tax had remained at 2008 levels, we'd only be paying £1.11. However, if the price per barrel gets back to 2008 levels, then under the current taxation and exchange rate, we'd be paying over £1.50 per litre.

LEWIS: That was Ben Carter there. Malcolm Bracken is Senior Oil Analyst with stockbrokers Redmayne Bentley. He says that although the dollar has weakened, it may not continue to fall.

BRACKEN: In the short-term, the exchange rate is important. The high oil price in part reflects a weak dollar to some extent as opposed to strong oil. Sterling has been strengthening somewhat in recent months, but we're well off our high of 2007/2008 where the pound bought \$2.

LEWIS: Yes and you say a weak dollar affects it, so it's not just the dollar against the pound; it's the dollar against the world's other currencies. And the US dollar is weak at the moment because of the huge American debt.

BRACKEN: The huge American debt, the fact that the Obama administration - until very recently political necessity forced his hand - has not been taking steps to deal with his deficit. I don't think the markets are reassured at all, but I suspect there's an awful lot of people that essentially have to buy dollars. So the American government can get away with things that no other government in the world can because things like oil are priced in dollars and that creates a demand for dollars which means that the American government has almost unlimited capacity to borrow.

LEWIS: So we're stuck with a dollar that is certainly going to keep its strength, and really we just have to sit here in the UK and bear it when our petrol price goes up?

BRACKEN: I don't think that's the case. I think there's undue pessimism about the price of oil being inevitably high. There's no significant supply and demand constraint, there's no shortage of oil being delivered to markets, there's no likely

interruption of supply. So what has caused a lot of the rise in the oil price, certainly in the last two and a half years, is monetary effects. If you reduce the cost of money, you reduce its worth, you reduce the amount it can buy. And therefore reducing interest rates and then when interest rates reach zero you print more money, it's quantitative easing, you're essentially forcing a lot more money into the system and what that does is it runs around looking for somewhere to go. And it goes into commodities. Energy commodities, gas and agricultural commodities have been forced up by the extra supply of money printed by Western central banks in response to the financial crisis.

LEWIS: That is enormously interesting, Malcolm. What you're saying is that it is quantitative easing that has pushed up the price of the petrol we buy at the pumps?

BRACKEN: And for exactly the same reason that it's pushed up the price of bread from the supermarket from £1 to £1.30.

LEWIS: We've seen the rises in the price of petrol at the pumps, Malcolm, over the last few months. Where do you think it will be say at the end of the year? Is it going to be higher or lower?

BRACKEN: Forecasting is a mug's game, especially about the future, but what I will say is an awful lot of big players have started to make noises that they're calling the top of this commodity boom. If quantitative easing is the driver of the oil price over the past couple of years, then the end of quantitative easing and the raising of interest rates slowly around the world may well lead to a drop in the oil price down to a more reasonable level.

LEWIS: Oil analyst Malcolm Bracken.

Well whatever's caused inflation, new figures out this week show it's still high. The Retail Prices Index was up by 5.2%. The Consumer Prices Index, the government's preferred measure, shows prices are rising by 4.5%, up from 4% a month ago. The Bank of England though predicts that inflation will fall by the first half of 2013 to its

target of 2%. Well it always does predict that when it looks a couple of years ahead. But is the bank really in control of inflation, which is after all one of its main jobs? Inflation has been above its target for the last 17 months and more than double that rate for the last 4. Last week, the Governor of the Bank of England, Mervyn King, warned that inflation could hit 5% due to higher energy costs. So is it time to raise interest rates to try to make borrowing dearer and bring down inflation? Let's go live now to Brian Hilliard who's Chief UK Economist at Societe Generale. Brian Hilliard, would you raise rates now?

HILLIARD: I would, but I don't think the bank will. I think the earliest they're going to do it is August.

LEWIS: August. And when do you think they should be done and how much should they raise it by?

HILLIARD: Well I think they should start with 25 basis points and then do that at a pace of 25 basis points per quarter.

LEWIS: Right, so that's a quarter of a percentage point - so up from .5 to .75 and then every quarter after that. Will that work though because inflation is coming in from outside? There's not much point in encouraging people here to borrow less and spend less if fuel prices, commodities, basic foodstuffs are all coming up, going up with imported prices.

HILLIARD: That is part of the explanation. It's certainly one that the Governor of the Bank of England puts forward as the main explanation. But it's also due to domestic factors. If we look at the largest single component of prices is services inflation, and that is around about 3.5% and shows no signs of falling.

LEWIS: And of course some of that has been due to the rise in VAT, hasn't it?

HILLIARD: It has and that will fall. But there's no sign of the long-term trend

coming down and that is linked more to the conditions in the UK labour market, which despite an increase in unemployment is still in far better shape than we dared hope during the depths of the recession.

LEWIS: We heard a few moments ago from Malcolm Bracken that quantitative easing, printing money - £200 billion here, nearly 3 trillion dollars in the USA - has inevitably pushed up the prices of real things: of oil, metals, crops, that kind of thing. Is that true? Is that a big factor?

HILLIARD: I think it's one of several contributory factors. Others we mustn't forget though are the strength of the Asian economies. China growing at around 10% per annum, hungry for resources, and will continue to suck in commodities. Also we have the geopolitical unrest in the Middle East and North Africa, which may ease a little bit and help the oil price to come down in fact in the next few months.

LEWIS: Now given the bank's failure to meet its target - as I said inflation's more than double the target at the moment - is it time to change the target to something it might achieve to restore its credibility?

HILLIARD: Well I think in due course we should change - that's something I've argued recently - but I think to restore the bank's credibility, it should first meet the existing target.

LEWIS: So it's got to hit 2% hopefully by 2013, and then rise to ... Maybe the target will be changed to what though?

HILLIARD: 2.5% at least because the big changes taking place globally are a switch from goods price deflation being exported from China to goods price inflation, and that's adding to the sort of equilibrium inflation rate in the UK economy.

LEWIS: Brian Hilliard of Societe Generale, thanks very much.

Now there are warnings today that dozens of firms are trying to cream off up to a third of the compensation due to customers who have been mis-sold Payment Protection Insurance. After the legal climb-down a fortnight ago, the banks are busy renting offices and moving staff to deal with what could be millions of claims, but also very active are the companies which offer to help customers who've been mis-sold Payment Protection Insurance get the compensation. In exchange they take a share, quite a big share sometimes, of the amount recovered. With me is Which's Executive Director Richard Lloyd. Richard Lloyd, banks are gearing up to pay out compensation. I think five have set aside £6 billion. Do people really need help to claim this money?

LLOYD: Well what we found in recent days when Which? looked into this is that the private claims management companies are very often calling people and saying, "We can get your claim done for you and it'll cost you only 25% of the compensation perhaps, plus VAT, if you let us take care of it". So there's a real risk here that of that big pot of compensation money, perhaps up to £2 billion of it will end up with these claims management companies.

LEWIS: And is that how they're finding customers: they're simply cold calling, texting, just emailing people out of the blue?

LLOYD: It's the hard sell across the board. In fact a colleague of mine at Which? just yesterday was called by someone who said, "You know I can get you £1500. It'll only cost you 39%. We'll do it today". My colleague hung up pretty fast. There is a really big industry gearing up here to get their hands on this compensation.

LEWIS: Are they necessary though? Are some people not able to do it themselves?

LLOYD: Well, look, we think the banks and the Financial Services Authority has to do better telling people that you don't have to pay fees to get your compensation back. You can come back to which.co.uk, use our free tool. It will cost you nothing to whiz in a complaint to the right person at the right bank. The industry has got to, now it's

rung up the white flag on its legal action on this, the banking industry has got to help people get their money back without shelling out to the compensation sharks.

LEWIS: And to be fair to at least one of the big banks, Barclays, they've actually taken out well three quarter page adverts in the press today saying exactly that: don't use claim management companies; they won't make the process quicker; unlikely to make any difference and they could charge you a substantial portion. They're saying that in the newspapers today.

LLOYD: Well that's right. But the pity is that the rest of the industry and their patchy response to how they're going to deal with it looks utterly shambolic, and that is going to leave the door open for claims management companies and cause lots of confusion amongst customers about whether they need that help or not. So what we want the FSA to do, the regulator to do, is to get the banks in, bang heads together and get a really good, clear, fair and quick approach across the board.

LEWIS: And there's also a bit of confusion - we covered this last week - about people who've already claimed, been turned down (very often wrongly), not gone to the ombudsman. and whether they can complain again. What's your information on that?

LLOYD: Well Barclays are saying they will look at complaints again and that's welcome. We want the other banks to follow suit. And in fact we've asked the regulator, the Financial Services Authority, to require all the banks to look again at any complaint made since 2001. We hope they'll do that.

LEWIS: Yes because certainly our survey showed they weren't all going to do that. And that's on the basis that they got it wrong before, so they should ... Or at least they were acting on a different rule before, so they should look again.

LLOYD: Quite right, they've treated customers appallingly. These banks have taken many billions in profit on this. They should quickly and fairly give people the

compensation they're due.

LEWIS: Richard Lloyd from Which?, thanks. And more details on our website.

But that's just about it for today. You can find out more from that website: bbc.co.uk/moneybox. You can get my weekly newsletter, listen again, send us ideas, and read Bob Howard's piece on land banking; and through that, let us know your land banking stories. I'm back on Wednesday with Money Box Live, this week taking questions on employment rights. Back again with Money Box next weekend. You can read my thoughts on my Twitter, [PaulLewisMoney](https://twitter.com/PaulLewisMoney), whenever I'm awake. Goodness those emails are coming in as I speak on land banking. Today the reporter was Bob Howard, the producer Ruth Alexander. I'm Paul Lewis.