

Personal pricing on credit cards on the rise

Personal pricing in the credit card market is making it very difficult for large numbers of consumers to prejudge what rate they will be offered according to independent financial research company Defaqto.

Many credit card providers now use 'personal pricing' where the interest rate charged is based on that individual's details, credit record and repayment history. For those who are actually offered a credit card typically two thirds will get the best rate and up to one third will get offered a higher rate.

David Black, Banking Specialist at Defaqto said: "It always used to be fairly straightforward to get a credit card but providers have become increasingly choosy about who they will lend to and, if they will lend, at what rate. Many consumers don't even get to that stage because the number of credit card applications being rejected has shot up."

Most credit card summary boxes only detail the typical APR but there are a number that also show the higher rates that may be offered. Those that list the additional higher rates include the following:-

Card provider	Credit card	Examples of personal pricing	Defaqto Star Rating
		Typical APR and other APRs*	
Capital One	Plus	14.9% or 24.9%	3
Egg	Egg Card	16.9% to 21.9%	3
Halifax	All in One Credit Card	15.9% or 19.9% or 21.9%	3
HSBC	Credit Card	16.9% to 19.9%	3
M&S Money	M&S Credit Card	15.9% to 20.9%	3
Sainsbury's Finance	Credit Card	15.9% or 19.9% or 21.9%	4
SAV Credit	Aqua Card	35.9% or 37.9% or 39.9%	1
Tesco Bank	Clubcard Credit Card	16.9% to 19.9%	5
Vanquis Bank	Visa Card	39.9% to 59.9%	1

* The lowest rate cited for each credit card is the typical APR.

Brian Brown, Defaqto's Head of Research said: "Our Star Ratings provide consumers with an easy way of assessing the features offered for a credit card and help them to make a more informed decision about which one suits their needs best. A 1 or 2 Star rated card is not a bad choice, it just doesn't have the bells and whistles of a 4 or 5 Star rated card".

More information on Star Ratings for credit cards can be found at: www.defaqto.com/star-ratings/standard-credit-cards.

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Notes to Editors:

David Black is a Banking Specialist at Defaqto

David joined Defaqto in May 2004 when Defaqto acquired the financial research company of Blay's Guides where he had 16 years of banking research experience for the majority of which he was a director. Previously he was a political risk underwriter in the City. David is Defaqto's Banking Specialist and specialises in credit cards, current accounts, equity release, mortgages, savings and unsecured loans. He was the Banking Analyst in Defaqto's Insight team until July 2010 when he switched to dealing with the press on all aspects of banking. He is a frequent commentator in both the printed and the broadcast media in his areas of expertise. He is ACII, CeMAP and CeRER qualified, as well as holding an Honours degree from Exeter University.

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About Defaqto: www.defaqto.com

Defaqto is an independent financial research company specialising in rating, comparing and analysing financial products.

Since 1994, Defaqto has built the largest, whole of market, financial product database and become one of the leading providers of financial product data in the UK. We now cover over 30,000 products across banking, life, pensions, investments and general insurance.

Our experts validate and analyse the data to provide insight and consultancy to all layers of the financial services sector including IFAs, mortgage and general insurance brokers, providers, web aggregators and the public sector.

Our products and services include the following:

Defaqto Star Ratings

Our Star Ratings reflect the quality of a financial product and help to identify the range of features and benefits in each one. We review and assess every financial product across various categories and award a Star Rating from 1 to 5. The ratings are aimed at helping consumers and advisers decide which product suits their specific needs. Providers also use the ratings to ensure they offer products to meet differing consumer demands.

Aequos Online

An extensive, independent, financial product analysis and comparison database available in the UK. The database contains feature, rate and fees information on more than 30,000 products from nearly 2,000 providers. Our customers include leading insurance and assurance companies, banks and building societies and investment organisations.

Defaqto Engage

An integrated system for independent financial advisers (IFAs) and insurance brokers. The system makes the reporting, analysis, recommendation and review process easy, delivering the perfect product to meet client needs.

Defaqto Compare

An interactive, comparison tool enabling consumers to easily compare product features against each other on a host of key features, using a simple 'traffic light' system.

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