

Opening a Credit Card Account

Here is a letter trying to persuade Mr S, Striver to take out a credit card. It is a real letter, only the address has been changed. I have used a letter from Sainsbury's not because they are any worse than other credit card companies, but they happened to send it to me this week! Read it very carefully, then try to answer the questions.

Sainsbury's Bank

Makes shopping more rewarding

Mr S Triver
13 Chavs Lane
Sheffield
S1 MUG

January 2013

Enjoy even more rewards with the Sainsbury's Nectar Credit Card

Dear Mr S. Triver

Our Sainsbury's Nectar Credit Card lets you collect even more Nectar points when you shop at Sainsbury's.

You'll receive an amazing 10 points per £1 on Sainsbury's shopping for the first 3 months from account opening (capped at £1,000 spend per month). After the first 3 months you get 4 points per £1. Simply pay with your Sainsbury's Nectar Credit Card and swipe your Nectar card. You'll also get one Nectar point for every £5 you spend elsewhere.

You can also collect Nectar points on Sainsbury's fuel. See details of Sainsbury's Nectar Credit Card point offers overleaf.

Get your finances back in shape too

As well as extra Nectar points the Sainsbury's Nectar Credit Card comes with two great introductory 0% offers from account opening. You get:

- 0% for the first 15 months on balance transfers (3% fee applies)
- 0% for the first 6 months on purchases

To keep these promotional rates, you must pay at least the minimum payment by the due date stated and stay within your credit limit.

To start picking up more rewards, apply today.

Yours sincerely

Stuart McKeggie
Head of Credit Cards

C2/33150/266981



*When you pay with your Sainsbury's Nectar Credit Card and swipe your Nectar card. Capped at £1,000 spend per month. Excludes refunded purchases. (Points differ on Sainsbury's fuel, see important information.)

This is a representative example only. Interest rates and credit limits may vary depending on your individual circumstances.

Purchase rate is
17.95%
p.a. variable

With a representative
17.9% APR
variable

Based on borrowing
£1,200
and repaying over 12 months

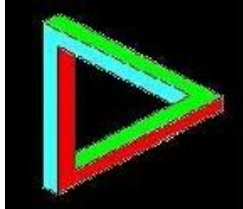
To apply for your Sainsbury's Nectar Credit Card, call us free on

0800 030 4406 quoting **DM POINTS**
or visit us at

sainsburysbank.co.uk/nectardm

So that we can assess your application correctly it is important you provide your Nectar card number 1234567890123456 when you apply.

Our lines are open 8am-10pm Monday to Friday, 8am - 7pm Saturday and Sunday. Calls free from a landline only.



Does the letter tell you what the interest rate will be? (Write yes or no.)

How long do you get 0% interest on debt you've transferred from another card?

Do any fees apply to this? _____

How much are the fees? _____

Does the letter make it clear how often these fees have to be paid? (Write yes or no)

Assuming Mr S.Triver transfers £1000 of debt from another credit card, how much will the fees be? _____

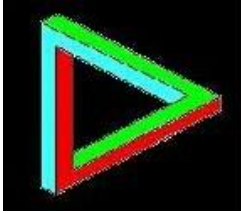
How long does the 0% rate apply to purchases? _____

Say Mr Triver spends £2000 on the card in the first 6 months. Assuming the interest rate he has to pay is 17.95% how much will one month's interest be on this debt? (round your answer to the nearest penny-don't forget to divide by 12 as it is for one month, not a year.)

£ _____

What do you have to do each month to ensure you keep the special rates? Make _____ payment and stay within _____ limit.

Credit card companies encourage people to take up cards with 0% rates, then when the time runs out they can charge lots of interest on the debt. If you have a credit card it is best to pay _____ the debt each month, then you won't be charged interest.



Maths with Graham

Basic Maths made easy!



Here is the small print on the letter from Sainsbury's.



Here's an example of how the rewards could add up

Example based on spending £400 on Sainsbury's shopping every month for 12 months.

		Points when you pay with a Sainsbury's Nectar Credit Card and swipe your Nectar card	
		First 3 months from account opening	Next 9 months
Points collected on £400 spent on Sainsbury's shopping per month	800 per month	4,000 per month	1,600 per month
TOTAL IN YEAR 1	9,600	26,400	
EQUIVALENT VALUE	£48	£132	



Collect 100 bonus Nectar points

Tell us your insurance renewal dates. Scan the code with your smartphone or go to sainsburysbank.co.uk/renewal



The right product for you?

This material provides information about a Credit Card. Credit Cards allow you to buy goods and services and pay the amount back through monthly repayments within pre agreed terms and conditions. There are other forms of credit available which may be more suited to your requirement. For example, a loan is typically used for longer term borrowing for larger amounts and is used for one-off larger purchases such as a car. With a loan the interest rate is fixed and you will have to make a regular fixed repayment until the loan is paid off. Please ensure this Credit Card product suits your needs before you apply and that you have considered any possible change to your circumstances, which may occur over the duration of this credit agreement and could affect your ability to repay the debt. Missing payments could have consequences and make obtaining future credit more difficult.

Important information

The Sainsbury's Nectar Credit Card is available to new Sainsbury's Bank Credit Card customers only. Existing customers call 0500 40 50 60.

SPECIFIC Details of Sainsbury's Nectar Credit Card point offers:

You can collect Nectar points on transactions at Sainsbury's by using your Nectar card and by paying with your Sainsbury's Nectar Credit Card. The '10 points per £1 spent on Sainsbury's shopping for the first 3 months' offer is based on collecting both sets of points, as detailed below.

When you use your Nectar card, you collect **2 points** on every £1 you spend in-store or online at Sainsbury's and 1 point on every litre of Sainsbury's fuel purchased. Points are not available on a limited range of Sainsbury's goods and services - see in-store or the FAQ section of sainsburys.co.uk/nectar for details.

When you pay with your Sainsbury's Nectar Credit Card, you collect **2 points** on every full £1 of each separate shopping or fuel transaction at Sainsbury's, plus (subject to a cap of £1,000 spend per month) a further **6 points** per £1 for the first 3 months from account opening. Transactions at Sainsbury's Telecoms, Diets and Energy are treated as non-Sainsbury's purchases. For non-Sainsbury's purchases, you collect 1 point on every full £5 of each separate transaction. Refunded purchases and cash advance transactions (as defined in the Terms & Conditions of your account), including foreign currency purchases, are not eligible for points.

Nectar points are awarded to you by Sainsbury's Supermarkets Ltd and Sainsbury's Bank plc, who reserve the right to alter or terminate the Nectar point offer at any time, but will give as much notice as is reasonably possible before doing so. Points may take up to six weeks to appear on your account. The Nectar loyalty programme is operated independently of Sainsbury's and Sainsbury's Bank by Aimia Coalition Loyalty UK Ltd, and the collection and use of points is governed by the Nectar Collector Rules, which are set out in the registration pack and are also available on nectar.com

Lines are open 8am-10pm Monday to Friday, 8am-7pm Saturday & Sunday. Telephone calls are free from a landline only and all calls may be recorded for security purposes and monitored under quality control procedures. Sainsbury's Supermarkets Ltd is an appointed representative of Sainsbury's Bank plc. Sainsbury's Finance is a trading name of Sainsbury's Bank plc. Credit available subject to status to UK residents aged 18 or over from Sainsbury's Bank plc, Pitreavie Business Park, Dunfermline, Fife KY99 4BS. Registered Office, 33 Holborn, London EC1N 2HT (registered in England no. 3279730) is authorised and regulated by the Financial Services Authority (FSA) register number 184514, except for Credit Cards & Loans where we are licensed by the Office of Fair Trading (OFT) license no. 421897.

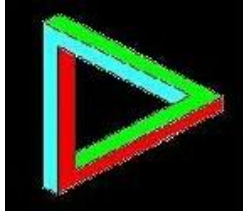
Personal pricing

As we treat all our customers and their applications on an individual basis, the APR and the interest rate we offer are determined by the details you supply, along with an independent verification of credit and repayment history. For the first 6 months from account opening you will get 0% on purchases. You will also get 0% for the first 15 months from account opening on balance transfers (a fee of 3% applies for each balance transfer). Thereafter, your personal APR will be either 17.9% APR (variable), 19.9% APR (variable), or 22.9% APR (variable). At least 51% of customers are offered our best and representative rate of 17.9% APR (variable). We'll let you know your interest rate as soon as we've assessed your application.

Privacy Statement

To see how we use your information and how to give your consent, please read the privacy statement on our website www.sainsburysbank.co.uk/savings/info_legalandregulatory_fps.shtml or ask for a printed copy of this. We will search credit reference and fraud prevention agencies to check your identity, credit status and help us make decisions. A record of this search will be maintained on your credit file and may be seen by other organisations when you apply for credit in the future. For this application, information held about you by Credit Reference Agencies may already be linked to records relating to your financial associates. You may be treated as financially linked and your application will be assessed with reference to any associated records. We check your declaration and may decline the application if it is inaccurate. If false or inaccurate information is provided and fraud is identified, details will be passed to fraud prevention agencies to prevent fraud and money laundering. Further details explaining how information held by the fraud prevention agencies may be used and can be obtained by reading the privacy notice at www.sainsburysbank.co.uk/savings/info_legalandregulatory_fps.shtml or by telephoning 0845 602 7174. We will share your details (other than financial information) with Sainsbury's Supermarkets Ltd and use it to contact you by mail, telephone, email, SMS or otherwise about other products and services that may be of interest to you. If you do not wish to receive any further communications from us, please let us know by writing to us at Freepost Plus RRZC-LYZB-SKYA, Sainsbury's Bank, PO Box 445, Halifax, HX1 9GN. Alternatively, you may email us at sainsburysnocontact@st-ives.co.uk Your request may take up to eight weeks to action. Please note however, that opting out could stop us contacting you about any of our products or services that may benefit you. For example, you may not hear about a new savings product that offers you a better rate or a discount that may save you money.





Read the paragraph titled "Personal Pricing". This is the important paragraph!

If Mr S Triver has already got debts, what interest rate do you think he will be offered?

_____ %

What does "variable" mean? It could go _____ or _____.

Say Mr Triver spends £2000 on the card in the first 6 months. Assuming the interest rate he has to pay is 22.9% how much will one month's interest be on this debt? (round your answer to the nearest penny-don't forget to divide by 12 as it is for one month, not a year.)

£ _____

If the interest rate went up to 26.9% how much would the monthly interest be?

£ _____