

# Money



## Exchange and don't smart



**PENNYPINCHER**

Foreign currency rates can vary widely, but **Melanie Wright** has the answer to the falling pound – buy online

**M**ILLIONS will make the most of the May bank holiday next weekend by heading overseas but it pays to do your homework before buying foreign currency.

With sterling having touched another record low against the euro, now at nearly 79p, people visiting the Continent will have to hunt harder than ever to find the best rate.

Don't leave it until you reach the airport or ferry terminal, as the exchange rates will usually be worse than if ordered in advance – at Heathrow this week, Travelex offered €1.18 to the pound at its bureau de change, but €1.21 on its website.

Online providers usually offer the best value when buying foreign currency, reflecting lower overheads.

Earlier this week, before the euro suffered its sharpest drop in four years, I looked at how many I could get for £500 online. One of the best rates was from Thomas Exchange Global, at [thomasexchange.global.co.uk](http://thomasexchange.global.co.uk), at €613, or €1.23 to the pound.

You can collect from either of its branches in Victoria or the Strand in London, otherwise a £5 delivery charge means you would get €606.

Travelex.co.uk offered €606 for £500, and the money can be collected from any of its branches, at nearly every major airport and ferry port. The Post Office website, at [postoffice.co.uk](http://postoffice.co.uk), said it would give €600 for £500. The site provides free home delivery for orders over £500, or you can arrange to collect the currency from your nearest branch.

FX4You, however, American Express's service, was one of the least generous companies, offering €1,192.8 to the pound. This gave €596.40 for £500, around €16.6 less than Thomas Exchange Global. All the deals I looked at are commission-free.

Remember, exchange rates change constantly. This means that the most competitive provider one week may well not be so the following week. It is also worth bearing in mind that the online offers will probably differ from the rates offered in any branches.

Some providers are so keen for business that they pledge to beat any more competitive offers. Travelex, for example, has a "Price Promise", and will refund the difference if customers find a cheaper deal on foreign currency anywhere else on the same day. It also offers a rate-

tracker, so you can see how each currency is performing over time. You can request a free e-mail when the price reaches the level you desire.

If you would rather pay by plastic than cash while abroad, it is just as important to ensure you are getting a good deal. According to research this week from the Nationwide building society, UK holidaymakers wasted over £650m on foreign currency usage fees alone last year. This fee is typically 2.75 per cent, but can be up to 3 per cent on purchases and cash withdrawals outside the UK. Nationwide estimates consumers would have saved around £55m last May alone if they avoided such fees.

However, if you are using a credit card, you will still usually have to pay a cash withdrawal charge overseas. For example, Nationwide's Gold credit card charges 2 per cent, or a minimum of £2, for cash withdrawals, as does the Post Office Platinum card. Egg, however, charges 3 per cent, or a minimum of £3, on cash withdrawals.

Only Abbey's new Zero card, due to launch tomorrow, carries no foreign exchange fees or charges on cash advances. But for debit card users, Nationwide's Flex Account Visa card is best, as it has no foreign usage loading fees, and there is no fee for cash withdrawals abroad, either.

Another option is a pre-paid card. There are no fees for making payments with this card and it can be an alternative to carrying your regular cards, cash or travellers' cheques, as it's just as convenient as a credit card, and if it gets stolen you can get it blocked immediately and apply for a

new one. For example, the payzonemoney card costs £6.9 charges £1 for withdrawals made abroad. No other charges apply. [payzonemoney.com](http://payzonemoney.com) for details.

The Post Office's annual holiday costs barometer, which compares the cost of 10 holiday commodities as drinks and meals out, reveals Spain is the cheapest place to go in the eurozone. Costs here are 15 per cent less for tourist staples than the most expensive destinations, France, Portugal and Italy.

However, given how much the pound is struggling against the euro, travellers may want to holiday in the eurozone to find real value

**ONLINE**

For news of the latest travel deals, visit [telegraph.co.uk/travel](http://telegraph.co.uk/travel)

Bulgaria has again emerged as the cheapest European destination, although it is more expensive than 2007, followed by Turkey.

The Post Office claims that the rate rise against sterling of around 10 per cent for the Turkish lira – compared with 15 per cent for the euro – Turkey looks best value for the mass-market holiday destination. An evening meal for two in Turkey with wine, costs £30, at least 20 per cent less than in France, Greece, Portugal or Italy.

To share your penny-pinching please write to [penny.pincher@telegraph.co.uk](mailto:penny.pincher@telegraph.co.uk)