

# LESSON 1: How well do you know your money?

## Learning Objectives

- To clarify a number of key terms relating to banks, loans and credit.
- To explore the different ways of borrowing money and some of their associated problems.

## Learning Outcomes

**All** students should be able to explain the most common problems associated with borrowing money.

**Most** students should be able to suggest solutions to prevent young people getting into financial trouble.

**Some** students should be able to suggest improvements that financial institutions can make so that young people avoid financial problems.

## Resources:

Sally's story, My Money My Rights

## Curriculum references:

**England:** Citizenship 1.1b, 2.1c, 3j, 3k, 4c, 4g; PSHE (EWFC) 1.2b, 1.2d, 1.3a, 1.3b, 1.4b, 2.2a, 2.4a, 2.4b, 2.4c, 2.4d, 3h, 3i, 3k

**Wales:** PSE Framework, Preparing for Lifelong Learning – understand their rights as consumers and their responsibilities in terms of managing a budget; understand the importance of planning for their financial futures and how to access financial advice.

**Scotland:** CfE Social Studies SOC 3-21a, SOC 4-20a; Numeracy across learning MNU 4-09a, MNU 4-09c

**Northern Ireland:** Learning for Life and Work, Personal Development – develop further their competence as discerning consumers in preparation for independent living.

## Activities

### Starter

- Brainstorm with students; where do they get their money from? What happens if they really want something but do not have access to the money they need? What means/ways are available to people to gain access to extra money/funds (overdrafts, credit cards, bank loans, store cards)?
- What are the drawbacks of borrowing money (interest, repayments, debt, bounced cheques)?
- Why do some people get themselves into financial difficulty?

### Main

- Read through Sally's story.
- Using My Money My Rights, discuss the following as a class:
  - How many different ways has Sally borrowed money?
  - What mistakes do you think Sally has made?
  - How would you describe Sally's values towards money?
  - Why isn't Sally's balance on her store cards and credit cards decreasing?
  - What problems could all this debt cause for Sally, both now and in the future?
  - What advice would you give to Sally? Where could she go for help?
  - In general, should it be made harder to borrow money? Should the restrictions be made tighter?

- Ask students to imagine Sally is their friend. Write a response to her outlining their advice to manage her money more responsibly.

### Plenary

- Ask students to outline some of the things that they are saving for. How do they think they will afford them? What are they saving for? What can they learn from Sally's situation? What steps would they take so you don't get into a situation like Sally's?

## Activity 1

Sally, 18, has just got her licence and bought her first car. But ... she's had to take a bank loan and the repayments are killing her.

Sally works at a local call centre and is planning on doing some more study next year. She probably wouldn't find the repayments so hard if she wasn't having to pay back her store card as well. It seemed like a good idea at the time. Her favourite shop was offering a 20 per cent discount if she got one but now she finds herself using it most weeks. Sally is shocked that, even though she makes minimum payments on the card, the amount she owes doesn't seem to have fallen. She didn't realise store cards charged such high rates of interest.

Sally didn't think about the cost of insurance when she bought the car, and will probably to take out an overdraft to cover this.

It's a busy month too; her friends are all talking about going away and so many people have birthdays this month. Sally has a credit card; she chose it because it gave her loyalty points which she could use at her closest supermarket. She thought that would be one way to get the DVDs she really wants. However she also has to make repayments on that.

Sally really pushed herself to the limit buying the car and couldn't get the sound system she wanted. She's sorted though because she found a shop that would let her make repayments gradually. Of course, there is an extra charge for the privilege, but at least she's got her sound system.

Sally gets worried about all these repayments. It doesn't seem fair that National Insurance and income tax are deducted from her pay each month. If only she had more money...



# LESSON 2: Avoiding consumer scams & seeking financial support

## Learning Objectives

- To help students understand more about the legal protection available to consumers in a number of different settings.
- To help students investigate the financial support that is available to those who wish to continue with further or higher education.

## Learning Outcomes

**All** students should be aware that legal protection is available to consumers.

**Most** students will be able to explain how consumers can use their rights in a variety of situations including online transactions.

**Some** students will be able to suggest strategies to avoid consumer scams.

## Resources:

Quiz – Activities 1 and 2 (right), My Money My Rights

## Curriculum references:

**England:** Citizenship 1.1b, 1.1d, 1.2a, 1.2b, , 2.1c, 3c, 3j, 3k, 4c, 4g; PSHE (EWFC) 1.2b, 1.2d, 1.3a,, 2.2a, 2.2b, 2.3f, 2.4a, 2.4b, 2.4d, 3k

**Wales:** PSE Framework, Preparing for Lifelong Learning – understand their rights as consumers and their responsibilities in terms of managing a budget.

**Scotland:** CfE Health and Wellbeing HWB 4-19a, HWB 4-37b

Northern Ireland: Learning for Life and Work, Personal Development – develop further their competence as discerning consumers in preparation for independent living.

## Activities

### Starter

- Students complete the quiz, Activity 1.
- Go through the answers (1. True, 2. False, 3. True, 4. True – see page 16 of *My Money My Rights*) and discuss the main points of the *Sale of Goods Act 1979* and the *Supply of Goods and Services Act 1982*.

### Main

- Activity 2
  - Give students the case studies. They must then work in pairs or small groups and use their 'My Money, My Rights' guide to investigate the problem and consider a solution.
  - Choosing one problem, ask students to construct a written solution to the problem, explaining the consumer's rights.
- With students, use the guide as a resource and discuss the following:
  - How can consumers protect themselves?
  - Where can consumers go for help?
  - Where can young people go for financial help to support further studies?
- Build on this discussion by asking students to consider:
  - Does the law do enough to protect consumers?
  - Do young people who choose to continue studying get enough financial support?

## Plenary

- Using all the knowledge learnt today, students create their own case, perhaps based on a real experience. They should then swap their problem with a partner, each should take turns answering the problem. They could also share what they actually did.

## Activity 1

1. Jess buys a new MP3 player which, the manufacturer claims, is suitable for people who go jogging. However, when she used it for the first time on the running machine in the gym it started to skip songs. *Jess is able to get a refund.* **True / False**

2. Dan buys a new jacket on an internet auction site. It was described as being 'lightweight' but when it arrives, Dan is unhappy as he feels the jacket is more medium weight. *Dan is not entitled to his money back.* **True / False**

3. Steve really wanted the latest computer game. The local store was selling it at a discount price with a sticker 'sold as seen' as its case was dented. Steve bought it, and began playing it at home. Half way through the game it began to freeze. *Steve is entitled to his money back.* **True / False**

4. Stacey goes to the hairdresser to get hair extensions. She was told they would last three months. Three weeks later Stacey's extensions begin to fall out. *Stacey is not entitled to her money back.* **True / False**

## Activity 2

**John** recently bid for a games console on an internet auction site. Unfortunately his bid was not successful. However not long afterwards he received an email offering him the games console as the successful bidder had not paid. John agreed, as it seemed like a good deal. He paid the money to the seller using an external money site outside of the auction room. It has been one month and there has still been no sign of the games console. John has contacted the auction site but they have no record of this transaction.

**Sam** recently bought a new karaoke machine. However, when she brought it home the second microphone didn't seem to work. Sam decided she didn't want it because the quality was obviously quite poor. She took it straight back to the shop and was given a choice. Sam could either accept a replacement, have a credit note, or wait whilst the karaoke machine was sent back to the workshop. All Sam wanted was her money back.

**Ahmed** is finishing college this year and would like to study further. He's really worried about being a burden on his family. Both his parents aren't working at the moment. He knows that his family couldn't afford to help him pay for fees or living costs if he has to move away.

**Paul** is getting rather annoyed by all the junk mail they are always getting at home. No-one in the house looks at it, it all just goes in the bin. Paul thinks this is a complete waste of paper and believes that it is bad for the environment.

**Shana's** mum is really angry about the latest phone bill and has accused Shana of ringing loads of premium rate numbers at £1.50 a minute! She tells Shana that she will have to make a saving somewhere and explains that the internet will have to go. Shana knows that she has never rung, but only she and her Mum live in the house.

# LESSON 2: Avoiding consumer scams & seeking financial support

## Suggested answers – Activity 2

**John:** John's concern that his games console has failed to arrive is quite reasonable, assuming that he had not been warned that delivery would take at least a month.

Probably the first thing he should do is to contact the seller to check if and when the console was dispatched, and whether it was sent by recorded delivery. If it has been lost, the seller may be able to obtain compensation from the delivery firm, or – if the goods were insured – via post or freight insurance. If there has been a problem with the post, the seller should arrange for the money that John paid to be returned to him immediately.

Ideally, before buying the goods, John should have checked whether the seller was a private individual or a business trader. Buying from a business trader gives John more rights than from a private individual; if fact, the same rights as had he bought the goods in a shop.

If John had accepted the second chance offer within the internet auction site, he would have also been able to ask for his complaint to be investigated by the site's resolution centre. If the centre had then found in John's favour, and had a good payment protection scheme, he would probably have received a full refund. His position could have been further strengthened if he had paid with a credit card or certain debit cards.

However, this protection is not available when the transaction takes place outside the internet auction site, and in these circumstances, John's options are rather limited.

He can continue to try to persuade the seller to send the goods or to refund his payment; but if, as is likely, this fails, he may just have to take the loss and put the whole thing down to experience.

However, if the amount of money involved is quite substantial, John may decide to take his claim to the small claims procedure in the local county or sheriff court. The charge for this is relatively low – as little as £25 (2010), but John will need to track down the seller's name and address, have evidence to support his claim, and be prepared to argue his case (in an informal setting).

The seller's name and address may be available from the auction website, but the site is not required by law to pass on these details in the event of a dispute.

Finally, if John suspects that the seller is dealing fraudulently, he may wish to report the matter to his local trading standards office or to Consumer Direct, in England, Scotland and Wales, or to Consumerline in Northern Ireland. It is unlikely that any of these organisations would take action directly on John's behalf, but they can prosecute rogue traders, leading to a caution, a fine or, in very serious cases, imprisonment.

**Sam:** As far as Sam is concerned, there are two problems with the karaoke machine – a faulty second microphone, and poor overall quality.

Under the *Sale of Goods Act 1979*, goods bought from a shop or trader must be ...of satisfactory quality, fit for all their intended purposes, and match the description.

Assuming that Sam has set up and tried to operate the machine correctly, the problem with the microphone means that the machine is not of satisfactory quality, nor fit for its intended purpose. This means that, in law,

Sam is entitled to have her money back or to be given a replacement, credit note, or repair – it is her choice.

Had there not been a fault with the microphone, Sam's complaint that the machine was of poor quality might have been much harder to prove.

We don't know how expensive the item was, nor whether Sam had an opportunity to listen to it before purchase. If the machine was cheap and relatively unsophisticated, the shop could reasonably argue that it was of satisfactory quality, given the price paid. Additionally, if Sam had tried out the same machine in the shop before buying it, and only later decided that it was not good enough, her case for asking for a refund becomes considerably weaker.

**Ahmed:** There are a number of ways in which Ahmed could either reduce the cost of going to university or cover some of the costs that this involves.

Although he may not wish to do so, attending a local university, and living at home can substantially reduce his outgoings. Taking a part-time job can significantly increase the amount of money that Ahmed has at his disposal; but he'll need to take care that this leaves him with enough time to attend lectures and satisfactorily complete his course.

If Ahmed lives and attends university in Scotland, he will not have to pay any tuition fees. If he lives or attends university elsewhere in the UK he is entitled to a government loan, which does not become repayable until his income after university reaches more than £15,000 a year.

Like other students, Ahmed would be entitled to take out a student loan and, given his circumstances, would almost certainly also qualify for further funding. The name of this grant or bursary will vary, depending on whether Ahmed lives in England, Scotland, Northern Ireland or Wales.

Ahmed could also choose to take out a bank overdraft, on which he will be charged little or no interest whilst a student. However, these terms and conditions may change after he has graduated. Ahmed may also be able to obtain a small bursary or scholarship through his university, a charity or other organisation.

**Paul:** There are several options open to Paul. A small notice on the door, asking for junk mail not to be left or pushed through the letter box may reduce the number of flyers. Paul could write to those businesses or organisations he considers to be the greatest offenders, pointing out the wastefulness of the practice and urging them to stop. A third option is to join a lobbying group, such as Stop Junk Mail (who also provide return-to-sender labels and letterbox and door stickers). Finally, Paul can contact the Mailing Preference Service, who can prevent his name (and those of others in his house) from being added to direct mail lists.

**Shana's mum:** There is probably little that Shana's mum can do to avoid paying the full cost of the phone bill. She can contact her telephone provider to check whether there has been a mistake and may make a complaint through PhonePayPlus, the official body regulating phone services in the UK.

For the future, Shana's mum may also decide to ask her phone provider to limit access to premium rate numbers, to move over to broadband, and update the virus protection on her computer.