“A truly amazing reference.”
– David Chilton
The Wealthy Barber,
From his Foreword

FIGHT BACK

81 WAYS TO HELP YOU **SAVE MONEY** AND **PROTECT YOURSELF** FROM CORPORATE TRICKERY

ELLEN ROSEMAN

Toronto Star Personal Finance Columnist

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To my Toronto Star editors for giving me the freedom to advocate for consumers; to my readers for giving me their stories and support; and to my family (Edward, Charles and Richard) for giving me the strength to keep up the fight.

To my literary agent, Brian Wood, for encouraging me to write about fighting back; and to my guest contributors for adding their diverse voices and informed advice to the book.

Foreword

By Dave Chilton

I Love Ellen Roseman's Writing.

So much so, I actually pushed her to write the book you're holding. Then I had the nerve to ask to write the foreword (and I normally hate writing forewords!).

Why am I such a big fan of Ellen?

Quite simply because she helps people learn financial planning's most important skill: saving money. Personal-finance educators from Ben Franklin to the Wealthy Barber have preached, “Spend less than you make.” Fine advice, indeed. But Ellen takes it a key step further by adding “ . . . and here's how.”

This book, a truly amazing reference, will teach you how to negotiate better prices and contracts, know your rights (and companies' wrongs!) and make wise spending decisions.

Yes, I sound like an infomercial, but this book will truly pay for itself hundreds of times over. So, act now! Don't delay! Get reading!

And, keep it in a handy place—you'll refer back to it many times. I have already.

Dave Chilton
aka *The Wealthy Barber*

Introduction

My First Book, *Consumer, Beware!*, came out in 1974. And guess what? It was defective. The “perfect binding” (actually glue) separated from the pages, causing them to fall out in clumps.

This was embarrassing, as you can imagine. It was also funny to read the letters from unhappy buyers: “I have never written a complaint before, but following the template you gave on page X, I want to ask for my money back.”

The publisher, alas, was insolvent and had not paid the binder. But when it was bought by a bigger publisher, I asked the CEO for help. He recalled the books from the stores, rebound them and added a cover that said, “New and improved.”

That was my first taste of consumer activism. I succeeded in forcing an unsafe product off the shelves. Meanwhile, the readers who had the courage to complain received a replacement book. Those who did nothing lost out.

As a newspaper columnist, I am attracted to those who shake things up. Even when I veered into financial journalism, I found fertile ground for consumer activism in the mutual fund industry. Many companies treated investment advisers as their customers, while ignoring the needs of investors. That is no longer true.

I spend much of my time trying to help people with problems. There is a double standard in Canada. I call it two-tier service. Most businesses pay little attention to customers after the sale. They cut costs by outsourcing and making you wait on the phone. They send you boilerplate letters that say nothing.

In this book, I give you my best tricks for fighting back in areas where you spend lots of time and money (such as banking, telecommunications, travel and retail). I enlist advice from my best journalistic sources.

Here is my top tip: Your loyalty is valuable. Do not give it away. Tell your service suppliers how long you have been loyal to them. You helped build their brands. You recommended them to others. Without you, they cannot grow as quickly.

Be steadfast. Take nothing for granted. Keep up the fight. When a company says no, take it to the media. Use the courts.

Victory goes to those who are stubborn and persistent. You can get a better deal. You can fight back.

Part 1

Outsmarting the Banks

As Canadians, we love the convenience and personal service we get at the big banks. We know our banks did a solid job during the recession and stock market crash in 2008-2009. They withstood the stresses that sunk some financial institutions in the U.S. and overseas. We're proud of their strength and conservative lending practices.

But there are many things we don't like about the big banks. They can make us so annoyed that we head off to smaller financial institutions, hoping to find a more caring attitude and more respect for customers.

Why do banks keep increasing their service charges and adding new charges, despite making billion-dollar profits? Why do they impose fees on products and services we already own without asking for permission or even notifying us?

Suppose you're moving your registered retirement savings plan from one bank to another. You may not see the fees that your bank charges to transfer the investments elsewhere until after doing the paperwork. These fees may not even have existed when you opened your RRSP.

Why do banks play games with interest rates? They often post rates that apply only to customers who don't make an effort to negotiate a better deal. It would be nice if they gave us their best rates right away and didn't force us to grovel.

These fictitious posted rates can come back to haunt you if you make an early exit from a closed mortgage in order to sell or refinance. Banks often calculate the penalty using the higher rate you didn't have to pay, rather than the discounted rate you actually did pay.

Why do banks offer such a dizzying array of credit cards? You can easily get confused, trying to pick the best card for your needs and juggling the competing demands of interest rates, service charges, annual fees, warranties, cash back and travel or merchandise rewards.

Finally, why do banks try so hard to sell you insurance to protect your credit card balance if you get sick or lose your job? They used to do it in a sneaky way, adding it to your account and making you responsible to cancel it. Now the law has changed to outlaw such negative option billing. But some cardholders still say yes to telephone pitches for insurance, not knowing that it pays only the minimum balance each month and costs too much for the benefits that it offers.

It is clear that Canada's big banks can turn off loyal customers with their high-handed behaviour. But they do value your loyalty when you say you are ready to go to a competitor. They do not want to lose you.

You can get a better deal from your bank by playing on this desire to boost market share.

First, you describe what you want and what is available at other banks (after doing some research).

Second, you suggest that you will open new accounts or move accounts from other financial institutions if you get what you want.

Third, you will make an effort to encourage your friends and family to open or move accounts to the bank.

Fourth, you will use social media to talk about your good experience. You will not send negative comments to your Facebook friends and Twitter followers.

You get the picture. Banks want to get a greater share of your wallet. They negotiate with you and make concessions if you promise to send more business their way. They value the influence you have on people in your social and business networks.

If you sit tight and accept what you are offered, you will not get the best deals on products and services. You may only hear about them when you are on the way out the door.

Treat the bank as you would treat a telephone company or car dealer. Do not accept the posted price. Ask for what you want. Keep pushing for more. Explain your worth as a customer. Suggest that you will leave. Then, make the bank beg you to stay.

Chapter 1

Get a Higher Interest Rate on Your Savings

The Interest Rates that big banks pay on your savings are rather low. In some cases, they're downright pitiful. So why do many of us keep our extra cash there, instead of moving it to a low-cost competitor that pays a higher interest rate?

I'm talking about the five big banks that dominate the industry: Royal Bank of Canada (RBC), Toronto-Dominion (TD Canada Trust), Canadian Imperial Bank of Commerce (CIBC), Bank of Nova Scotia (Scotiabank) and Bank of Montreal (BMO).

The Big Five have thousands of branches across Canada, which provide personal service, financial advice—and, yes—sales pitches for mutual funds, RRSPs (registered retirement savings plans), TFSAs (tax-free savings accounts) and other lucrative investment products. The cost of keeping branches open and staffed during the week (and often on weekends) forces them to offer lower rates on savings accounts, term deposits and guaranteed investment certificates than virtual banks.

The Big Five just can't compete with smaller banks that do business with customers by phone or Internet. It's much cheaper for rivals to operate without the expense of bricks and mortar. When the Big Five do offer a higher-than-average savings rate, they usually require high minimum balances or punitive fees for transfers or withdrawals.

Look at the book publishing business and how it has changed. You save a few dollars when you buy a book online, even after paying the shipping cost. You save even more when you buy an electronic book online and download it to your reading device.

Banking has the same issues with higher costs in the real world and lower costs in the virtual world. The Big Five banks have a strategy of offering low posted rates to all their customers and then offering better rates for those who have more value to the bank. They keep their bottom line a secret, so you have to negotiate for the best deal that you can possibly get.

You don't have to settle for peanuts on your savings accounts, term deposits and guaranteed investment certificates. If you're a customer of the big banks, you can do better than the posted rate, as long as you're prepared to shop around and negotiate.

Here's how to get better rates:

- Compare the rates paid at smaller banks compared to those paid by the big banks. You can find a comprehensive list of rates on savings products at the *Toronto Star's* website, www.thestar.com (go to “Business” and then to “Loans and Rates”).
- Try Cannex, another comparison shopping site (www.cannex.com). It's aimed at brokers, but does have some free information (such as the rates paid on Canadian deposit accounts).
- If you find a better deal at another big bank or a smaller rival, ask your own bank to match it. Suggest you will walk if you cannot get a matching offer.
- As bargaining chips, talk to the bank about your long-time loyalty as a customer and your family members' loyalty. Talk about the network of people you can influence.
- Argue that if you get what you want, you intend to open new accounts at the bank and transfer existing accounts

from other financial institutions. Your network may do the same thing.

- If you suggest that you will take your money elsewhere if you cannot get a decent rate, be prepared to walk away. This cannot be an idle threat, nor can it be delivered in a hostile manner. Your aim is to be friendly, courteous and non-confrontational.
- Decide what to do if your bank refuses to match the savings rates offered by smaller institutions. Will you compromise? What is your bottom line? Will you settle for half a point more than the bank's posted rate? Or will you settle only for a full point?
- Work out your strategy in advance. If you are told that the bank has little room to negotiate on savings rates, ask for a deal on another product. The bank may be keen to sell mortgages and able to help you switch your mortgage from another institution with the appropriate inducements.

Chapter 2

How to Fight Back when a Bank Cuts the Interest on Your Savings

Canada's Big Banks use a two-pronged strategy with savings products. They offer a low posted rate for most customers, but boost the rate for those who have more assets or who negotiate a better deal based on their value to the financial institution. In this way, the banks enhance their profits by market segmentation.

Never assume that you are getting the best rate because you are a long-term, loyal client of the bank. You have to keep asking your bank about savings rates. Never stop bargaining about rates and never stop keeping track of what you are being paid.

Rob Young's story shows what can happen with a bank savings account if you take your eye off the ball. As a TD Canada Trust customer, Young received a letter in 2010, telling him about what appeared to be a minor change. His account (called a Guaranteed Interest Account) was being transformed into an Everyday Savings Account with the same interest rate. He was told that if this account no longer suited his needs, he could book a free assessment at his branch.

Unfortunately, Young did not know that TD Canada Trust was launching a new and better account (called a High Interest Savings Account) at the time. He did not know that he was getting a lower and lower rate on his old account. Nor was he told that he could boost his savings rate by