

# SAVE

# XMAS

## Save Xmas question and answers

### What was Farepak?

Farepak was a Christmas hamper and voucher company which collapsed in late 2006. Over 122,000 people lost their Christmas savings.

### How do similar companies work?

This type of scheme works by local agents collecting small amounts of money each week from people in their community or work place. The scheme pays out just before Christmas either in vouchers for use in high street stores or Christmas hampers.

### Why do people save in this way?

People use them because of the social aspect of saving with friends, family or colleagues as well as the fact that it is difficult to get at the funds until the pay out — so making it less likely that they are tempted to spend the money on something else.

### What are the benefits?

Putting a small amount aside each week gives people peace of mind that they will be able to have a good spread of food and buy presents. For some people it can also be useful to have Christmas food delivered to them.

### Are there any disadvantages to saving with a hamper scheme?

They do not pay interest and can be an expensive way of buying.

### How safe is money saved with a hamper scheme?

Since the collapse of Farepak, the Government has set up the Christmas Prepayments Association. Hamper companies who are members of this association have arrangements in place to safeguard money if the company goes bust. However, the level of cover varies and consumers should check the level of cover before joining a scheme.

### What other options are available for short term savings for Christmas?

There are different ways of putting money aside that offer different things:

- Supermarket, national retailer and shopping mall schemes
- Schemes from milk delivery companies
- Christmas clubs with local shops
- credit unions
- bank/building society accounts, and their Christmas savings accounts.

**These all have different features. See the *Save Xmas* leaflet.**