

COMMUNITY Chest: bank error in your favour collect £200 – if only life were as simple as Monopoly! Banking Liaison Group, which helps businesses detect overcharging, says 90% of mistakes are in the banks' favour.

Director Murdoch Macleod says that while banks have sophisticated systems to check when *they* are not getting their dues, customers are at a distinct disadvantage when it comes to checking if they have been stung.

Douglas Wood, Professor of Banking and Finance at Manchester Business School, says: "Banks are like builders: provided you agree up-front what activity there will be through the account and you anticipate your needs, you should get good value for money."

But if things happen that you have not anticipated and that you have not agreed in the first place, you can find yourself in trouble.

The worst scenario occurs when banking becomes a liability and consumes a large chunk of profits.

If charges are fair, you have no comeback except to shop around where you might find cheaper tariffs.

But what if they are unfair? What if your bank is overcharging you? And how do you establish that this is the case?

Professor Wood says if bank charges are 2-3% of revenue, this is reasonable. David Gold, Managing Director of BankCalc, which helps get back money

Are you getting a fair deal from your bank?

You could be losing a frightening amount of money by not monitoring your bank charges. Business journalist Andrew Don gives advice

for business customers, says if a small firm pays more than £2,000 a year interest charges or bank charges, it should get them checked by a specialist.

Is there any one bank that is particularly good for small businesses?

John Sillett, Chief Executive of Banking Liaison Group, says if there were, that bank would have all the small businesses, but they are spread around.

Mr Macleod believes there aren't good banking groups and bad banking groups; attitudes to a small newsagency business will change from branch to branch and manager to manager, he says.

The British Bankers' Association says if you think you've been overcharged, go and talk to your bank, which will explain

exactly how the charges have been worked out.

The Association acknowledges there has been a "communications problem" between banks and small businesses, and in the past year banks have been sending their staff on courses so they get a feel for what it is like to be a small business owner.

The definition of a small business varies from bank to bank. At Barclays and Midland they are those with an annual turnover of up to £100,000. Lloyds and National Westminster define a small business as one with a turnover up to £1m.

Alliance and Leicester's small business account is for firms with turnover up to £250,000.

How to avoid your costs going through the roof

THE advice experts give to avoid exorbitant charges includes:

- Keep the bank informed
- Develop a reputation that says you are untroublesome by building a relationship with your bank
- Don't go into the bank at lunchtime with sackfuls of coppers and take up half-an-hour on the desk – this won't endear you to anyone
- Don't assume the banks get it right
- Look at your bank statements intelligently to see what charges are being levied and check them against what you consider to be reasonable
- Where you have negotiated your charges and they are different from

the set tariffs, check the rate you agreed has been applied correctly – your interest rate on a loan or overdraft should be confirmed in writing

■ If your charges are in £1,000s instead of £100s it might be worth spending £100-£200 on getting them checked with a forensic accountant

■ Do not automatically accept the printed small business tariffs. Negotiate to suit your needs and activity

■ Ask the bank to explain what the cost is of running your account and agree that the bank should be remunerated at a mark-up of 25%. If this is still too expensive for you, ask the bank how you can reduce its costs. It is sometimes

possible to negotiate a flat fee on the basis of what went through your account on the previous year.

■ Never forget that, like you, banks are not charities – they are in business to make a profit.

You probably do not go into a shop and buy goods without regard to the price. You should not do that with your bank either, so:

■ When opening an account with a new bank make sure you get on with whoever is operating your account

■ Each bank offers a different type of small business package. You need to find which package matches your needs closest.