

Extended warranties face study from OFT

Shops have too much advantage when selling the warranties

The regulator is carrying out a 'short market study' to see if customers are getting enough value for money. The warranties are typically sold by retailers when someone buys goods in their shops. Rules on warranty sales were introduced in 2005 after an investigation by the Competition Commission. It had found that their sale was often 'unfair and uncompetitive'. Consumer groups had long complained that customers were being pressurised into buying the extra insurance cover and that the policies were far too expensive. British Retail Consortium spokeswoman Sarah Cordey said, "Following an inquiry by the Competition Commission, detailed rules about the sale of warranties were introduced that are far more restrictive than the rules for selling the actual products. Members of the BRC will co-operate fully with the OFT but it's hard to see what another costly investigation will achieve."

The warranties are worth more than £750m a year to those who sell them. Currently, retailers have to make it clear that buying an extended warranty is optional and not compulsory; that customers can have up to 30 days to buy the extra insurance cover; and that there is a 45-day cooling off period so they can change their mind after buying the warranty. Despite the new rules,



A man reads a pamphlet about cookware while shopping inside of a Bed Bath & Beyond store

the OFT found, in 2008, consumers were still paying too much or buying policies they did not really need. "Consumers buy millions of extended warranties on domestic electrical goods each year and we want to make sure they are getting value for money," said Claudia Berg of the OFT. "We plan a short and focused market study to find out quickly what, if any, action is needed

to make this market more competitive, to the benefit of consumers and the wider UK economy." The OFT explained that it had started looking last autumn at the aftermarket for domestic electrical goods, including the sale of spares and the provision of repairs.

The regulator had received some complaints that the sale of extended warranties was still unfairly skewed

in favour of retailers, who have the advantage of being able to sell them at the point when they sell goods. A quarter of all electrical goods are sold with an extended warranty. The new market study could end in enforcement action, another Competition Commission enquiry, recommendations to the Government, or the OFT could decide that no action is necessary.

European banks should boost finances

Many European banks need bigger capital cushions to stop them being a risk to the global financial system and precipitating another crisis, the International Monetary Fund (IMF) says

"Such banks are caught in a maelstrom of interlinked pressures," the IMF said. The low levels of capital make some German banks, as well as weak Italian, Portuguese and Spanish savings banks, 'vulnerable to further shocks'. But it said global

financial stability had improved in the past half year. The findings came in the IMF's *Global Financial Stability Report*.

"Remaining structural weaknesses and vulnerabilities in the Euro area still pose significant downside risks if not addressed comprehensively," it said. The IMF also warned of an impending funding challenge for banks and nations still grappling to come to terms with sovereign debt problems.

The IMF said that US banks built

up capital in 2009, after regulators completed stress tests that revealed some large holes. But European banks still need to raise a 'significant amount of capital' to regain access to funding markets. And, overall, banks globally face a \$3.6tn 'wall of maturing debt' coming due in the next two years, with banks in the Irish Republic and Germany facing particular pressures. Additionally, among advanced economies during 2011, Japan and the US faced the largest public debt pressures.

BP annual meeting sparks protests

British Petroleum faced angry protesters at its first annual general meeting since the disastrous Gulf of Mexico oil spill

It is almost one year since 11 workers were killed when a drilling rig leased by BP exploded, unleashing millions of barrels of oil. Fishermen from the US, trade unionists, and other protesters waved banners and banged drums outside the meeting.

Diane Wilson, who's a Gulf



Protestors stand outside BP annual general meeting

shrimper and long-time campaigner, said the fishing industry still had concerns, 12 months on. "Back in my community, along the Texas-Gulf coast, the brown shrimp is half of the income that you would make all year long. I think a lot of the shrimpers are concerned. One concern, is that the shrimp are contami-

nated," she said. "A lot of the fishing communities, especially in Louisiana, are not touching the shrimp."

There will also be protests by other environmentalists, with more planned across London. On top of that, workers involved in a dispute at a bio-fuels plant near Hull, that BP is involved in, will also demonstrate.

Art Fund increases funding by 50 percent

A charity that helps Britain's museums and galleries to buy works of art has said it is going to increase its level of funding by more than 50 percent by 2014

The Art Fund, which currently distributes £4.5m annually, will increase its funding to £7m a year. It said the move was in response 'to the severe financial pressures facing most institutions'. The charity has given more than £24m to 248 museums over the past five years through grants and fundraising. The Art Fund also announced its plans to develop and expand its funding programme.

It said it would run more public fundraising campaigns to save art at risk of being lost from UK collections, such as its recent £6m Brueghel and Staffordshire Hoard campaigns. The charity has also formed a new partnership with the National Gallery to offer funded curatorial traineeships in two regional museums.

Tate Director Nicholas Serota said, "I applaud the bold commitment of the Art Fund at a time when so many funding bodies are reducing their support for museums. If our museums are to thrive, we must continue to grow and develop our collections." The Art Fund also re-launched its membership card — which will now be known as the National Art Pass — offering free or discount admission to more than 200 museums and galleries.

EU adopts tougher fishing rules to protect stocks

The EU has agreed on common inspection rules to prevent overfishing and make it possible to trace fish 'from net to plate', the European Commission says

The rules include a new point system to punish crews who fish illegally. If they accumulate too many points they will lose their licence. EU nations police their own fisheries, but they have agreed on common inspection and reporting methods. The controls are part of a big reform of the EU's Common Fisheries Policy (CFP).

Fisheries Commissioner Maria Damanaki said fishing data would be cross-checked electronically across Europe and law-breakers would face



equally severe sanctions, whatever their nationality. She added, "We can no longer allow even a small minority of fishermen to ignore the rules."

The Commission will be empowered to carry out checks on member states' fisheries controls and reduce certain fishing quotas if the EU inspectors find serious infringements.

Amazon sells ad-subsidised Kindle electronic book reader

Amazon is to launch a cheaper version of its popular Kindle e-book reader which will feature on-screen advertising

The retail giant has started taking orders in the US for the device, which costs \$114 — \$25 less than the current entry level model. The 'Kindle with Special Offers' will display sponsored messages from the likes of Olay and Visa. It will also present readers with details of other Amazon products.

Amazon said that the advertisements on the 'Kindle with Special Offers' would not interrupt reading, appearing only at the bottom of the Kindle's home screen and while the device is in its idle state. The new versions of the Kindle feature black and white images of iconic authors when not in use.

Amazon will also launch 'Ad-Mash', a service which allows users to vote on which screensaver ads they prefer.