



ADAM SOLOMON is head trader at currency brokers TorFX

Buy now, save later

Adam Solomon helps a reader who would like to make regular payments from his pension income to his French bank account

Q I am buying a property in Mayenne and would like to use a currency company to transfer money to fund my house purchase in France. As I shall be retiring, can I also use the same company to transfer smaller amounts of money, such as my UK pension, at regular periods?
James Young, Leeds

A Most currency companies offer a regular overseas payments service for monthly transfers of between £250 and £5,000, which means you can set up a monthly payment to fund your overseas expenses.

The exchange rates should be more competitive than those the banks offer, and depending on which company you choose, you should not have to pay any transfer charges. The banks typically charge around £30 per transfer, which is a major cost when making relatively small payments.

Aside from the financial savings, the major advantage of using a regular payments scheme is the ability to set it up and forget about it; no need to keep contacting your bank to arrange for monthly transfers.

Another important benefit is that you can normally fix the exchange rate on your payments for 12 months. That means you know exactly how much currency you will receive each month, and the cost in sterling.

For example, a fixed rate contract for 12 monthly payments of €1,150 (based on an exchange rate fixed at 1.15) would result in you receiving €1,150 each month at a cost of £1,000. If the exchange rate

drops to 1.05, you will still benefit from the fixed rate, saving €100 per payment as you would only receive €1,050 if you had not fixed the rate.

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All you need to do to set up a payment plan is agree the exchange rate, set up a standing order or direct debit to your currency company, and provide them with your foreign bank details. They will do the rest.

You will be able to specify a date for each month's payment – for example, currency to be paid into your account on the 3rd of each month – to help you keep one step ahead of your expenses. Of course, you will also be able to speak to your currency account manager about the pros and cons of whether to fix your rate, or whether to hope for an improvement in the exchange rate over the life of your payment plan.

The pound has rebounded over recent months, which means many people are now looking to fix their exchange rates on future payments in case we head back towards 'one for one' against the euro. ♦



Fact file

TorFX

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