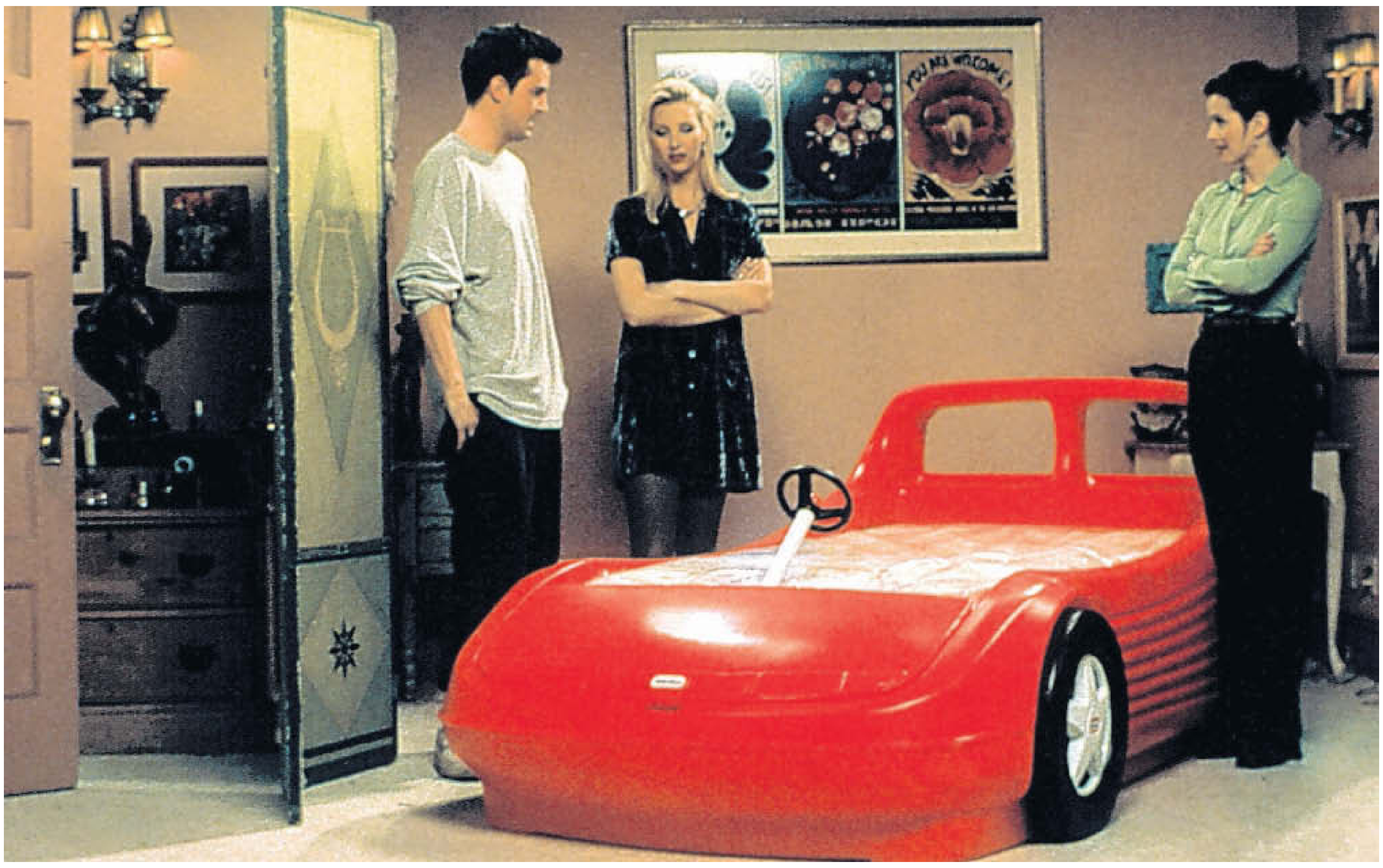
MONEY

FLUSH DANCE
YASMINE AKRAM'S SINGING TOILET DELIGHT
SUNDAY PAGE 5



Monica didn't get quite what she bargained for when she bought a bed in an episode of Friends

Online shopping red alerts

A few simple safety procedures can help stop some spectacular car crash purchases, writes *Eithne Dunne*

When Sandra Twomey offered to buy a dress for her 15-year-old daughter Karen to celebrate the end of her Junior Cert exams, she thought it would be a simple transaction. That's not how it turned out.

Karen Twomey chose a dress from an online trader's Facebook page and borrowed her brother's credit card to pay for it. Not only did she fail to receive the dress in time for the occasion – despite getting assurances from the seller – it never arrived at all.

The Twomeys contacted the trader repeatedly. In response, they got increasingly abusive and threatening texts. "That went on for weeks," says Sandra Twomey. "The Facebook page is still up and there are comments on there from various girls who were also scammed, warning people to stay clear."

The Twomeys eventually went to the European Consumer Centre (ECC) Ireland, which advised them to speak to the bank that issued the credit card and pass on the details. The money was finally reimbursed via the bank's chargeback facility, almost four months after the initial purchase. "We were lucky, but people are still being scammed," said Sandra Twomey.

Martina Nee, a spokeswoman for ECC Ireland, said Irish buyers had more confidence than ever in buying things over the internet. "But with more people shopping online, there are also more potential problems," she said.

Aine Carroll, director of communications and market insights at the Competition and Consumer Protection Commission (CCPC), which has responsibility for consumer rights, said there had been "massive growth" in online buying among Irish consumers. Shopping "events" such as Black Friday and Cyber Monday – which fall on November 24 and 27 this year – are fuelling that growth.

Recent European Commission figures show that the number of Irish people buying via the net has almost doubled in 10 years. We are now the ninth most avid online shoppers in the EU. We also have the second highest level of confidence in web purchases in the EU, behind the UK. That's a high degree of confidence when you consider the patchiness of our knowledge of online rights.

A survey by the CCPC last year of 1,000 adults in Ireland who shopped online found that fewer than half knew they had different rights when purchasing from an EU-based website than from a non-EU one, or when buying from an individual as opposed to a business.

In fact, the Consumer Rights Directive outlines specific rights for consumers who buy online from businesses in the EU; if anything, there is more protection in place for online customers in the EU than for high-street buyers.

Here are some points worth noting if things go wrong after you click that "Buy now" button.

Cooling-off period
When you buy on the internet, you have 14 days from when you receive your order to change your mind. If you return the goods, the seller should give you a no-quibble refund within 14 days of receiving them. This is an extra protection afforded to online buyers that does not cover normal shopping.

Note that you will probably have to pay to post the goods back to the vendor. What many shoppers don't realise is that, if you had paid the cost of the initial delivery and then return the goods, you are entitled to a refund of that first delivery charge. Not all purchases are covered by this cooling-off period; exceptions include hotel bookings, car rentals and concert tickets.

Goods don't arrive
In the EU, your vendor is obliged to get the goods to you within 30 days of the date of purchase. If they don't arrive, contact the vendor and request another delivery date. Failing that, you are within your rights to cancel the contract and request an immediate refund.

Goods are faulty
If you receive faulty goods, your rights are the same as if you had bought in a shop. Faults that emerge within six months of delivery of goods are considered to have existed at delivery.

The vendor must offer a repair or replacement, and if unsatisfactory must give a full refund. If a fault develops between six months and two years of receiving the goods, the vendor must do the same. In that case, however, you may have to prove the problem was not caused by misuse.

Can't get a refund
If you have cancelled a contract or returned goods and you cannot get the vendor to refund you, you can start a chargeback process with your bank. Contact your bank as soon as possible and give it details of your transaction, including copies of any correspondence with the seller.

> The Facebook page is still up, with comments from various girls who were also scammed

It's not a given that you will be successful. Nee said that banks tended to assess chargeback requests on a case-by-case basis.

There is also a time limit – generally three months from the date of payment – and you cannot use this option if you paid with a Laser or Maestro debit card. Carroll advises not to wait too long before starting the chargeback process.

"The longer you wait, the more difficult it might get," she said. "If the seller is not replying to you or engaging with you, go to your bank."

Nee said that getting into the habit of taking screenshots as you go through the online purchasing process is a good idea, in case you end up having to seek a chargeback.

"If something is supposed to be a certain price and it turns out to be a different price, it would be good to be able to prove exactly what you were shown when buying," she said.

Exceptions
The Consumer Rights Directive does not cover you if you bought from outside the EU or from an individual rather than a business. In these cases, you are at the mercy of the seller's returns and refunds policy. Because of this, it's important to make sure that you understand the site's returns policy before you buy something.

"If you buy from outside the EU, you are reliant on the seller's terms, conditions and goodwill," said Carroll. "Nevertheless, the chargeback route would still be open to you if things go awry."

Points of contact
If you are having trouble with an online purchase and are unsure how to proceed, provided the trader is based in Ireland, you can contact the CCPC.

If the trader is based in another EU country, contact ECC Ireland. It can advise you and, if necessary, liaise on your behalf with its sister centres in other EU countries.

If you have no luck with either your vendor or your bank, other redress options include the European Commission's new online dispute resolution platform, for which ECC Ireland is the point of contact. Then there is the European small claims procedure for claims of up to €5,000. Again, these are for purchases within the EU only.

Avoid snags at the outset
The overwhelming advice from both the CCPC and ECC Ireland is that consumers would save themselves a lot of post-purchase headaches simply by being careful about from whom they buy.

This starts with making sure the vendor's website includes a full postal address. If there's just an email address, PO box number or contact form, don't buy. If you're buying from any trader with whom you're not already familiar, do a quick background search online. This will throw up any negative reviews.

Be wary of newly set up websites, as you won't be able to find any reviews about them. While people buy from non-EU traders all the time, remember that your rights are far weaker if you choose to do so. Just because a site has the .ie, .co.uk or other European extension does not necessarily mean it is based in the EU.

"A handy way of finding out more about a particular website is to type in 'whois lookup' on Google," said Nee.

Use one of the websites this search throws up to enter the name of the site in which you're interested. You should find where they are registered, how long they've been in existence, and so on.

If possible, buy from a business rather than an individual. "Pop-up shops that appear on Facebook are often individual traders and if you buy from them you have no consumer rights whatsoever," said Carroll.

Finally, pay with a credit or debit card, never cash on delivery (COD).

"Some people selling online may not have the facilities to take cards, and may accept COD," said Carroll. "If you hand cash over and something goes wrong, your ability to get your money back is down to goodwill – and that's not a great position to be in."

MARKET MOVER ADRIAN MISSEN

Adrian Missen is senior investment specialist at BCP Asset Management, which has €2.5bn of assets under management. Missen is responsible for product development, and co-manages a range of structured products and property-based investments for Irish investors.

Investment philosophy
BCP is a boutique investment manager that has specialised in two asset classes over the past 20-30 years — property and structured products. According to Missen, *pictured*, the structured products business meets demand for lower-risk investments while the geared property funds give exposure to higher-risk investing. The approach means investors have access to a full breadth of investments relevant to their circumstances.

Fund performance
Missen says BCP is dealing with some of the best investment managers in the market, and providing access to funds and indices that investors traditionally would not have been able to invest in.

"We are big fans of the Old Mutual Global Equity Absolute Return Fund, for example," he says. "This is a long/short equity fund that's been running since 2009 and has generated performance of 6.4% per annum, net of fees, since launch, with remarkably low levels of volatility.

"We can take a top fund like this and provide investors with a capital secure structure, with liquidity, that provides additional security from one of the strongest banks in the world, BNP Paribas."

BCP's current property fund, the BCP International Property Fund, has been running since June 2015 and generated returns for investors of 13.6% per annum, net of fees. The fund is open to investors with a minimum of €105,000 and that meet certain regulatory requirements.

Buying and selling
On the property side of the business, BCP is raising equity from Irish investors to buy additional commercial property assets in Dublin. Missen says BCP has a list of high-quality international retailers that want a physical presence in Dublin but as yet are not being offered the quality of unit they can get elsewhere in Europe.

"We only invest in prime real estate and are currently focused on purchasing retail property assets in Dublin city centre, where we believe the rent can be grown through traditional active management."

Outlook
In the decade since the financial crash there has been "exceptional performance" from certain asset classes such as US equities and bonds, says Missen.

"Investors who have benefited from these markets are looking to the future. They are seeking either new sources of return or more secure strategies that can lock away the gains made, but still generate more return than the historically low levels of deposit rates being offered by the banks."

Missen believes investors should sit down with their financial adviser and use the current lull in market volatility to assess their portfolios and re-evaluate their attitude to risk.

"They should make sure the portfolio they have built in the last few years is diversified and protected enough to perform in what's sure to be a very different investment environment going forward."

Gary Connolly

Fasten your seat belt, but don't rush headlong into trouble

I'm not old enough to recall when wearing seat belts in cars became mandatory, but the idea of it ever having been a choice seems ludicrous.

A law requiring all cars to be fitted with seat belts came into force in America on January 1, 1968 (wearing them was voluntary until New York became the first US state to make it compulsory in 1984). However, in 1975, University of Chicago economist Sam Peltzman published an article with a shocking conclusion: the seat belt law did not cut the total number of deaths.

There was a decline in driver deaths among those wearing seat belts, Peltzman found, but this was almost entirely offset by an increase in pedestrian deaths. That was because, he concluded, once you tell people cars are safer, they drive faster and more recklessly. Car drivers adapted to the law in an unproductive way, rendering the intended effect of the regulation redundant.

The research gave rise to the Peltzman effect: the tendency of people to react to regulations by adapting behaviour, thus offsetting some or all of the benefits of the regulation. It highlights the danger of failing to consider "second-order effects": to reflect and ask how people will respond to change.

The investment business – and more broadly the finance industry – often treats economics as some sort of hard science, like physics. Physics has immutable laws: for a given change you get a very predictable response. But finance is about people and the dynamic interactions of unpredictable things such as culture, politics and the environment. Forecasts using decimal points have no place.

Thinking about first-order effects in the finance business is easy. Thinking about second or higher order effects is altogether harder.

But just because it's harder doesn't mean one shouldn't try it. As Warren Buffett says, asking the "and then what?" question should not be limited to chess players. It should be adopted by investors as well.

We are familiar with the risk/reward trade-off and we all accept, at least intellectually, that there is no such thing as reward without risk; no free lunch.

In the driving example, if the goal is to reduce driving time, it seems rational that better safety would induce motorists to drive faster. From a financial perspective, this is basic portfolio theory: if an asset's risk is seen to decline but the expected return remains unchanged, investors should invest more.

But what if "safety" improvements are perceived to be more effective than they are? Then individuals may end up taking more risk than they intended to, simply because they feel safer.

Last Thursday was the 30th anniversary of the 1987 Wall Street crash, which many believe to have been caused by portfolio insurance that purported to protect investors in a sell-off through the sale of futures. The seeds of destruction were in fact embedded in the product, but investors erroneously thought they were "safer" than they were in reality.

Equally during the recent financial crisis, ratings agencies applied rankings to bonds that turned out to be completely false. The perception of risk differed entirely from the reality; when the tide went out, investors were exposed.

A brilliant new book by Massachusetts Institute of Technology finance professor Andrew Lo spells out that the trade-off between risk and reward is not stable over time or circumstances. Instead, it varies as a function of the market of participants and the business environment in which they are immersed.

Yet financial bubbles occur partly because people get stuck in first-level thinking: the internet will change the world; house prices never fall; China will grow forever. The simple refrain of first-level thinking translates into a simple action – usually with expensive consequences.

So how does that apply to today's conditions, where the level of volatility in the market is at all-time lows? I'm not arguing that investors are too complacent, but a dose of second-level thinking would be wise with reference to certain market segments, such as cryptocurrencies.

Any would-be investor should be willing to see both sides of every investment stance. In investing, you have to be willing to actively seek out opinions that are different to your own.

Don't judge your decisions based on the outcomes; judge them by the process you took to make them. And try not to be too confident in your own abilities. The market has a habit of making you humble, though this can take time.

Finally, much of the commentary you see in the financial press is full of first-level thinking, so acting upon it is dangerous to your wealth. Apart, of course, from the wise counsel in this column.

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