

Farepak Victims Find a Voice in New Report

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The victims of the Farepak collapse are demanding compensation, better regulation and for key figures within Farepak to be held accountable for the crisis, according to research conducted by the University of Birmingham.

Dr Basia Spalek and Sam King carried out an examination of the Christmas hamper scheme which collapsed in October 2006, when 150, 000 savers lost an estimated £50 million.

Victims, they found, have feelings of anger, anxiety and depression and have lost trust in financial institutions. They also found that many savers have been forced into borrowing from relatives or taking out expensive loans. Significant numbers of low-paid women were caught up in the disaster and are now trapped in a cycle of debt

The authors of the report found that minimal warning was given, that savings may be at risk, and that this made it very difficult for individuals to be fully informed consumers.

The report findings offer several ways forward. It suggests that all savers should be fully compensated, that the results of all investigations into Farepak should be made public; and that there should be improved, and mandatory, regulation of savings schemes.

Dr Basia Spalek, co-author, said: "The idea that Farepak savers could protect themselves from the company's collapse is clearly challenged by this research. Policy discussion should be focused on the long term impact of financial harm and the appropriate regulatory responses, rather than the constant obsession with the slackening of consumer rights and company responsibilities."

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