

Financial risk and security

Money Skills: Lesson three

Age range: 14-16

Enter 



2 Would you run the risk?

Climbing Mount Everest



Never going to the dentist



Starting your own business



Driving a Formula 1 racing car



3 How risky? student sheet



Going on holiday abroad

You got a cheap holiday package deal through a travel provider for £250. You're taking 300 euro with you, along with your phone, clothes and asthma inhaler.



Low Medium High

Buying and running a car

You have recently bought a new car which is worth £3,000 that you need to get to and from work every day.



Low Medium High

Transferring money online

You transfer £300 to someone online for a tablet you saw advertised at half the price you had seen in the shops, despite not knowing a huge amount about the company.



Low Medium High

4 Insuring against risk: student sheet



There are insurance policies available to cover many different types of situation, and there are some things you cannot insure against. Is it always worth buying insurance to protect yourself against risk?



House being burgled



Cat needing an operation



Rain on your wedding day



Spilling coffee on the carpet



Holiday flight being delayed



Tripping over your shoelace

What types of insurance can you think of?

5 Ronnie's story



Ronnie is 19 and has volunteered to be a steward at a music festival in Spain. He's planning to fly there and get the train home after travelling around Spain for two weeks when the festival ends. He's taking a mobile phone, some cash (the festival is in a rural area with no on-site card payment facilities), a camera, zoom lens, tripod and flash so he can take pictures of the bands live on stage. The organisers have offered all volunteers the use of a bike to get into the local village when they're off duty.

When Ronnie gets back to the UK he is moving into a shared student house. He won't have room for much, but will be taking some clothes, tablet, photography equipment and laptop. He intends to go climbing regularly with the university mountaineering club so he will also take his climbing rope, helmet and other specialist equipment. He will use his car to get to university every day.

6 Considering insurance: student sheet



Insurance that is a legal requirement	Insurance that is not a legal requirement



Which insurance would you recommend that Ronnie prioritises?

1. _____
2. _____
3. _____

7 Insure or save?

Before you pay for insurance you must consider if it will protect you from the right risks and if the premium (the cost) will provide you with value for money.

Premium

The amount you pay to the insurance provider annually or monthly for your cover

Claim

Requesting that your insurance provider compensate you for loss, damage or injury that is covered by the premium that you have paid

Excess

A contribution you make towards your claim above your premium – a smaller premium usually means a larger excess

8 Ronnie's insurance policy

Ronnie's laptop was bought new for £250 with a laptop bag costing £18.

Ronnie's policy

The annual insurance premium is:



or



- Paying by monthly installments will sometimes end up costing more than paying up front, and some insurers will require the policy holder to enter a credit agreement
- There may be a cancellation charge if canceling any annual policy mid term, but this should be disclosed in the sales process

Policy details:

- Repair of broken or damaged laptop within 10-14 days of making a claim
- Replacing lost or stolen laptop with one of the same value at the time of the theft or loss. Replacement to arrive in 7-10 days
- £100 excess (payable when a claim is made)

9 Protecting yourself from financial fraud: student sheet



A large, empty white rectangular area intended for students to write their answers or notes.

10 Financial fraud, scams and identity theft in action



Case study 1 – Deets and squares

Priya had been looking for a job to earn some money, when she was approached outside her college by someone who offered her a way of making easy cash. They asked Priya to share her bank details so that money could be transferred into her account for a short period of time. She agreed when they said that whilst £500 would be transferred in, only £450 would be taken out and she could keep the rest.

11 Financial fraud, scams and identity theft in action



Case study 2 – Online fraud

Jake was keen to get tickets for a football match which had sold out. He found some advertised online cheaper than the original price, and paid for them using his debit card. Jake was sent a confirmation email straight away to say that the tickets would arrive within 10 days. Unfortunately, the tickets never arrived and when he made calls to the company they were ignored.

12 Financial fraud, scams and identity theft in action



Case study 3 – Vishing

Tom got a text message from his mobile phone contract provider to say that his account had been used by someone else to download lots of apps. To get a refund, Tom was asked to click on a link and enter his bank details and the three-digit security code on his debit card into a form online; he was told that this refund would appear in his account within 5-10 days. The following day, when Tom checked his bank balance using his mobile banking app, he saw that a large sum of money had been withdrawn from his account.



Top tips for staying digitally safe:

1. Check how much personal information is public on your social media accounts. Fraudsters can use information such as your birthday, home town, pet names, holiday dates, or job title to steal your identity and apply for bank accounts or buy products in your name
2. Never share your PIN, bank details or passwords with anyone who approaches you or contacts you through text, email, phone or in person, and don't write them down
3. Phone organisations directly from the number listed on their website to verify who is contacting you
4. Password protect your devices using random words and include symbols, numbers and capitals and regularly change them
5. Limit your online activity when using open public WiFi connections, including logging on to your email, online banking and online shopping
6. Check the web address begins with 'https' and that there's an unbroken padlock symbol in the browser address bar, especially when online shopping. You can hover over links without clicking to see the destination
7. Install anti-virus software on your laptop and any other personal devices and keep it up to date