



Can you really make a mint out of your scrap gold? The adverts promise easy money - but are consumers obtaining a fair deal? Patrick Collinson investigates

Britain's in a new gold rush. We're cashing in our old gold jewellery, coins and even teeth, and enjoying a bonanza as the price of bullion shoots past \$1,000 an ounce. Meanwhile, mums across the country are raking in thousands of pounds with Tupperware-style "gold parties" where old bling is swapped for £££s!

Or are we? Just what is behind the extraordinary explosion in television adverts from outfits such as Cash-

4Gold, promising "cold hard cash"; newspaper advertorials for Cash Your Gold Now ("We guarantee top payout"); and parties promoted by Ounces to Pounds ("Our hostesses average £350 per party"). The list could go on and on - and what links them all is a fondness for images of models waving a fan of £20 notes.

It began in the US, where cable channels are awash with ads for gold, aimed at credit-crunched households desperate for a few extra dollars.

Cash4Gold's ad, during the last Super Bowl, featured financially troubled



celebs Ed McMahon and MC Hammer pawning their gold baubles to avoid foreclosure. The Florida-based company launched here just two months ago, and says it will become the UK's biggest direct response advertiser. But rather than rapper bling, its British ads feature middle-aged mothers overjoyed with a £280 trade-in. Industry critics call them "truly woeful".

Harsher critics call Cash4Gold and its me-too rivals "a rip-off". Phil Williams of Gold-Traders (UK), who admits his business has been hurt by the arrival of Cash4Gold, says anyone trading-in their old gold to the new melt-down-merchants may pick up just half of its true market value.

"The majority of scrap gold buyers don't reveal what they pay per ounce or gram for gold. In many cases, sellers could be receiving only 50%-60% of their gold's true market value," says Williams. He adds: "Many buyers claim to offer the best deals for sellers, using impressive full-page ads and slick TV commercials. They have strings of testimonials, sometimes even a charity tie-in. But the actual price is missing.

"Scrap gold buyers could easily publish their prices. Instead, they'll use phrases such as 'highest prices guaranteed', 'best prices paid', '100% satisfaction' or 'best rates'. It's almost certainly because their rates are poor."

Consumer forums in the US regularly feature complaints from sellers distressed at how little they are offered for their gold from the postal operators - sometimes as little as 20% of the market price.

We asked a number of the gold merchants how much they would give us for one ounce - compared to the current market price, which dipped back below \$1,000 towards the end of this week.

Cash4Gold refused, saying that it will only give consumers a price after they have posted off their items. Its global chief executive, Jeff Aronson, says some sellers in the US have earned as much as 80%-85% of the world spot price, and that 94% of customers say they are satisfied. But it's impossible

to pin him down on specific prices. "There is a cost for convenience and security. Our customers are not comfortable with going to pawn shops."

What he will say is that, so far, Cash4Gold has paid out £1m to UK customers in just a matter of weeks, and that his profit margin is "not egregious".

Those "woeful" ads will soon be shelved, to be replaced with a major celebrity-led endorsement, promises Aronson. But he says his British customers are very different to his American ones. "In the US we tend to get a lot more bling - big heavyweight items that, quite frankly, you would not want to wear to a party. In the UK we are being sent older jewellery and rings. It's a more conservative and higher quality product. The US is gaudier."

Another American, Krista Waddell from Las Vegas, says Brits should not be impressed by Aronson's claims. She tested its services and claims to have received as little as 20% of world market value. "Cash4Gold is simply short-changing Britain. Their margin is chewed away on television **»»5**



From bling to cold, hard cash

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advertising and profit, and not put in the pockets of British consumers.”

But then Waddell has her motives. She recently launched another US concept, Ounces to Pounds, in the UK. It runs along the lines of Tupperware. At a “pure gold party,” women are invited to sell “broken necklaces, single earrings, gifts from an ex, or things that they know they’ll never wear again”.

The host is given “up to” £35 for entertainment costs - Goldfinger and Golden Girls themes are popular - then guests are invited into a private area where their jewellery is tested and weighed. The company says it is holding 80 parties a month, and its hostesses, who pick up 10% commission, “typically might earn £350 per party”.

So how much do sellers pick up at her parties? Ounces to Pounds won’t give a precise price, but insists that sellers earn “up to” 60% of the current world price. We put this to Aronson at Cash4Gold. He says: “Send me value and quality, and I’ll pay more than Krista Waddell any day of the week. Anyone out there taking a shot at us is just garnering press off our move into the market.”

We tried a few other postal operators. CashMyGold said: “Our offers are competitive; we consider each case on its merits and pay up to 90% of the market value.” Postal Gold, which says it has 100,000 customers in the UK and is receiving 1,000 packages a day, offered us ‘up to’ £505 for one ounce of 24-carat gold.

About the best prices we were able to obtain were at Gold-Traders (UK). Williams says he would give us £546.43 for an ounce of 24-carat gold - equal to \$903, meaning that sellers are receiving around 90% of the current world price. But unlike most of the new entrants, Gold-Traders does not offer

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freepost, insured envelopes to send in your gold. It says it should cost an individual no more than £6 to send jewellery via special delivery.

Pawnbrokers will also buy your old gold. Britain’s biggest independent pawnbroker, Ramsdens, has a gold-buying business, called Got Gold, Get Cash. It offered us £304.78 for an ounce of 22-carat gold and £124.40 for an ounce of nine carat - but this works out at 40% less than the rates on offer at Gold-Traders.

Before you plonk your wedding ring on the kitchen scales, be aware that very few items of jewellery are pure, 24-carat gold. Most British jewellery is nine carat, which is only 37.5% pure gold. One ounce of nine-carat gold will fetch £206.82 at Gold-Traders, or \$343.

The typical wedding ring will trade in for around £60, says Williams, although sometimes they will fetch into the hundreds. It makes no difference if the ring is white gold or traditional gold. And he tells people not to throw away old gold crowns after they’ve been to the dentist. They can be worth as much as £30.

“A dentist will ask you if you want to keep it. Always say yes,” says Williams.

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