

MONEY

Frances and Paddy Connolly celebrated with a cup of tea when they won the £115 million Euromillions jackpot on New Year's Day in 2019. Frances, 55, ran a knitting business at the time and Paddy worked as a chemical engineer.

"That evening Paddy said to me, 'Make your list,'" Frances said. She wrote about 50 names she would give money to, including friends, family members and local charities.

The couple booked a hotel suite for a week to avoid press attention. They invited friends to visit and broke the good news that they were getting a share of the windfall. "One guy got up and ran round the table dancing and singing."

They have given away about £60 million and bought a new home with a swimming pool in the North East. They stayed in their jobs but now oversee their charitable trusts too, and Frances has a PA.

Camelot, which runs the lottery, has a special process for big winners. A case worker visits and suggests that they set up a private bank account. A private banking manager visited the Connollys and opened the account for them.

Frances's financial adviser told her to take her time, giving small amounts at first and gifts where possible, to avoid making snap decisions they might regret. "We ignored it," said Frances, who just gave people cash without stipulating how they should spend it. "We felt uncomfortable with the idea of telling someone, 'I'm going to change your life, but only if you let me pay your mortgage.'"

She and Paddy spent weeks discussing what to put in their wills and how to organise their money. "There were a lot of meetings," Frances said. "My daughter said she was sick of having conversations about what happens if we die."

Frances said she is considering a donation to a centre that could help deaf people. "The surgeon needs £7 million, which I don't have spare at the minute."

Frances said Paddy tried to stop her going on the internet at one point.

They have put money away for their twin daughters, who have publicly said they do not expect a share of the fortune.

Frances said: "I've had to slow down my giving dramatically. I can't regret any as it's helped so many people. But I do have to stop. I don't want to be that person that gave away so much of her money she's got nothing to live on."

Coming into a life-changing sum of money has been a wholly positive experience for the Connollys, but for others it can be more complicated.

The American psychologist Stephen Goldbart, who studied the impact of sudden wealth on entrepreneurs in Silicon Valley's gold rush in the 1990s, noticed that some showed signs of paranoia, excessive guilt and insomnia. Overnight millionaires suffered what he called sudden wealth syndrome.

One symptom was struggling with relationships because people found it difficult to decipher when a friendship was genuine and became less trusting of



Help! What am I to do with all this money?

It may be a nice problem to have but coming into a large amount of money can be quite the struggle, says Kate Palmer

others and worried that family and friends would expect them to be generous with their wealth.

Susan Bradley is a financial adviser in Florida who specialises in so-called sudden money syndrome. She has worked with American football players and Facebook tech workers who received share windfalls of millions of dollars.

"We see people get transition fatigue, where they are so tired of indecision, they end up making the wrong decision just because it's better than none," Bradley said. "That's sometimes the

Frances and Paddy Connolly won a £115 million Euromillions jackpot. David Millar narrowly avoided bankruptcy over doping

worst thing that you can possibly do." Bradley said many find sudden wealth isolating because they feel guilty. "Some people become very private and withdraw, whereas others like to boast about it," she said in *Sudden Money: Managing a Financial Windfall*. "Lives can be permanently changed, and family relationships can be destroyed."

Bradley helped a nurse with grown-up children who was left millions of dollars by her father. He had lived frugally and she did not know that he was wealthy. "She was incredibly hurt. She didn't understand why her father had hidden this money, especially because it could have helped her family when the children were young."

The money caused difficulties in her marriage. She wanted to live in the mountains, but her husband, a police officer, didn't want that lifestyle.

Premier League footballers have been known to go bankrupt after they retire as they struggle to adjust after earning tens of thousands of pounds a week. They include the former England goalkeeper David James, the ex-Chelsea defender Celestine Babayaro and the Liverpool full back John Arne Riise, who was declared bankrupt at 26 in 2007 with £100,000 of debts.

The professional cyclist David Millar, 44, says he was not ready for sudden wealth when he gained success in his twenties. At 18 he was living and racing in France, sleeping in rented rooms, and at 24 he was one of the world's top 15 riders with a six-figure income. "I still remember this vividly," said Millar, who lives in Girona, Spain. "I went to a cash machine in France and there was €400,000 in my account, and I had no idea."

"I'd go to nice places, buy my friends dinner, wear nice clothes and bought my dream house [a villa in Biarritz, but he did not have a savings plan]. I had zero advice."

In 2004 he was arrested and banned from professional cycling for two years after French police investigating doping found empty syringes in his home. Then the French tax authorities hit him with a seven-figure fine. He lost his home in Biarritz and stayed with friends in England before renting a flat in the Peak District. The furniture he had recently bought was worth more than two years' rent on his flat.

"It was a hard reality," said Millar, who met his wife, Nicole, in the middle of his two-year drugs ban. "I was the kid who wasn't really doing it for money and ended up with nothing. I went back to zero – less than zero."

Millar narrowly avoided bankruptcy and began repaying the tax bill once he returned to professional cycling in 2006 as a clean rider, in time for the Tour de France. "I'd get £4,000 into my bank account on months when I'd earned £100,000. It was really important for me to sort the debt out."

He now runs a cycling clothing business, has a "biblically strict" accountant keeping track of his finances, and owns a

property in Girona. He invests most of what he earns back into the business and has not set up a pension. "Buying a house was kind of my pension," he said.

While a lottery win or professional sports career is out of reach for most people, sudden wealth is not uncommon. Reaching pension age can be a sudden money moment. From the age of 55 savers can get access to their pension pot. The average amount saved is £66,818, according to the investment manager Fidelity.

One American couple Bradley helped could not agree what to do with their pension pot. "They both liked to travel, and they liked the area they lived in. But he thought they'd buy a small place and travel the world for two years, whereas her version of freedom was to travel for maybe a fortnight and do the garden," Bradley said.

Inheritance is perhaps the most common way of coming into sudden wealth. The Financial Conduct Authority, the City regulator, said young people today are likely to inherit wealth later in life than their parents did.

"Existing generations seem to be hanging on to wealth tied up in their homes. With people dying into their nineties and hundreds, suddenly this wealth may be released to younger generations, sometimes even skipping a generation," said Emily Deane from the Step network of family advisers. "It's certainly something that will become more of a discussion."

WHAT ARE THE GOOD HABITS TO DEAL WITH SUDDEN WEALTH?

Prepare for any big moments

Retirement is one, when your routines and income change. Bradley said individuals and couples should start planning three years in advance of any big money event.

Think about long-term spending

"If you've experienced a big shift in your life, you are least prepared to think about the long term," Bradley said. "Think about yourself looking back in five years' time and what you would be proud of and glad you had done."

Understand money "patterns"

If you know you're a big spender, for example, set up a savings plan so you know that the money left in your bank account is there to spend.

Take your time

The worst thing you can do is make a decision for the sake of it and end up with too little money left over to enjoy life. "People feel guilty for having money sitting around, but it's fine as long as you plan to make a decision other than hoarding it," Bradley said.

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NS&I finally puts up rates... but you can do far better elsewhere

George Nixon

National Savings & Investments has boosted the rate on one of its lowest-paying accounts after a year in which savers left in droves and it was beset by customer service problems.

The rate on income bonds rose from 0.01 per cent to 0.15 per cent, although this is still a long way off the 0.67 per cent you can get on an easy-access account from Shawbrook Bank. Someone with £10,000 in the NS&I account would earn £15 interest, compared with £67 with Shawbrook.

Halfway through this financial year, NS&I had raised only a tenth of its £6 billion fundraising target. Savers deposited a net £800 million with the Treasury-



backed bank between July and September, compared with £23.9 billion in the same period last year when it offered market-leading rates of up to 1.16 per cent on its income bonds. They had pulled out a net £200 million between April and June.

The release last month of the government's green savings bonds did not suggest that NS&I had returned to its old rate-topping ways. The

three-year fixed-rate green bonds pay 0.65 per cent interest while savers can earn up to 1.82 per cent elsewhere.

James Blower from the consultancy the Savings Guru said that the small increase in rates would "not be enough to stop the haemorrhaging at NS&I".

Anna Bowes from the website Savings Champion said: "Having been treated so shoddily with the rate cuts and terrible administration issues that followed, a small increase in rates is unlikely to lure customers back."

Since April £7.2 billion has been saved into Premium Bonds, but savers have pulled billions out of accounts that pay as little as 0.01 per cent interest. Premium Bonds offer a 34,500-to-one chance of winning a monthly prize of at least £25.

At the present rate of inflation of 4.2 per cent, the real value of money held in an account earning 0.01 per cent would halve in 16 years, Savings Champion said.

The bank cut rates this time last year amid fears that

it would overshoot its £35 billion fundraising target. Billions of pounds were withdrawn in the months afterwards. It tried to phase out paper Premium Bonds prize cheques at the same time, although it later changed its mind. The two moves led to a customer service meltdown.

Blower said: "I think NS&I has alienated a large number of customers. The cuts weren't just reductions, they were savage. And they weren't geared up to deal with the number of customers who wanted to move or just get in touch."

With NS&I on pace to raise far less than its £6 billion target, or even the £3 billion lower limit it can raise, this small rate increase could be the first of many. It has to give two months' notice if it wants to cut rates, but can put them up straight away.

NS&I said: "We review the interest rates on all of our products regularly and recommend changes to HM Treasury when we believe they are appropriate."

'Dad made the deal – Mum didn't understand'

→ Continued from page 13 needs and all borrowers were advised by their own solicitor. We do everything that we reasonably can to support customers."

"It was a huge shock to my mother"

When Coral King's husband, Donald, died two years ago, she decided to downsize.

The 84-year-old wanted to sell the four-bed detached home in Hornchurch, east London, where they had lived for five decades to fund her future care costs. It sold for £960,000 in February, but she had to pay £570,000 to Barclays. Coral and Donald

took out a £67,500 Sam in 1998 against their home that was then worth £270,000. The money tied them over while Donald, an architect, was temporarily out of work.

Their son Jon, 56, from west London, discovered his mother's debt when his father died in 2019. Jon, who works in retail, said: "I went through my mother's finances and it's then we found the details of the shared appreciation mortgage and the extent of the debt. I am not sure my mother really understood how much she owed. We got the sense that my father, who arranged the deal, did not really talk about it, so it was as much of a shock to her as it was to us. This has meant an uncertain future for my mother, who was unable to buy a home and look after her future care needs. When she wrote to Barclays to say that the appreciation Barclays would receive from the sale of the house was unjust and disproportional, it did not agree."

Coral now lives in Wiltshire in rented accommodation near her daughter. She wrote to Barclays in August last year to complain about the growing debt, which she claims "has left me at a severe disadvantage with financial hardship to provide for my immediate future care".

Coral does not think that the £390,000 she is left with is enough to buy a home near her children and cover her care costs. When the family took out the loan, the mortgage market was far less regulated. The financial scandals that had happened were mostly to do with the selling of pensions.

Barclays said: "To ensure that customers fully understood the nature of their borrowing, they were required to seek independent legal advice prior to completion of the Sam and were encouraged to discuss their intended borrowing with their family. We consider that the terms of these mortgages were fair and they were clear to customers when they were entered into."

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Can you complain?

Bank of Scotland and Barclays did not create the products, but used subsidiaries. This makes it harder to complain to the Financial Ombudsman Service (FOS).

The FOS said it received about 25 claims relating to Sams a year, but in most cases compensation was denied because the banks could prove customers were aware of the risks.

If you do go to the FOS, you are more likely to succeed against Barclays than the Bank of Scotland because most of its loans were sold in branch. Bank of Scotland sales were via post only.

You could complain about the valuation of a property because a bank may use its own assessors. In some cases the ombudsman found against a bank as there were several months between valuation and sale. In one instance the bank refunded about £4,000.

You could also take your case to court, although the Teacher Stern litigation is closed to new applicants.