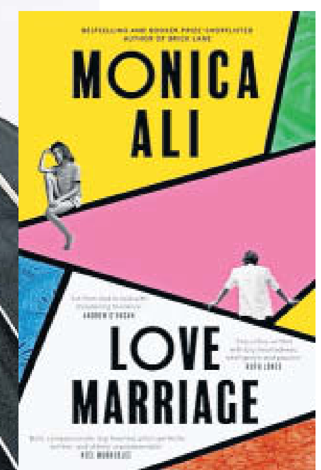
FAME AND FORTUNE MONICA ALI

'I used £100k Brick Lane advance to buy mum and dad a house'

The author grew up on a Bolton estate and worked for £10 a day on a fruit and veg stall but now treats her family to £20k holidays, she tells *York Membery*

CHRISTOPHER JONES/ALAMY



My big splurge is travel. I have never regretted going on a holiday

Monica Ali is best known for her first novel *Brick Lane* (2003), which has sold more than a million copies in English, been translated into 26 languages and adapted for the big screen. The 54-year-old, who was born in Dhaka, Bangladesh, but moved to Britain with her family aged three, has written five novels. Her latest, *Love Marriage* is being adapted for the small screen by the BBC. Ali lives in south London with her husband, Simon Torrance, a management consultant. They have two children, Felix, 23, and Shumi, 21.

How much money is in your wallet?
£43.63. Some places, such as my nail salon and car wash, still only take cash.

Do you prefer debit or credit cards?
I don't have a credit card, although I've got a variety of debit cards: my main bank card and some of these new-fangled cards such as Monzo and Revolut that I always forget to use.

Are you a saver or a spender?
The one thing I really spend money on is travel, so my last big splurge was on a £7,000 week-long holiday in St Lucia with my husband after the publication of *Love Marriage* this year. It wasn't cheap, but I've never regretted a holiday.

Do you own a property?
Yes, my first property was a terraced house in Brixton, which cost £100,000 in the mid-1990s. Then, somewhat alarmingly, I saw an article in a magazine saying that the area was best known for its fatal stabbings. A few years later, in 2001, my husband and I bought a four-bed Victorian terraced house in East Dulwich, a less edgy part of London, for about £400,000. We paid £740,000 in 2006 for our current house – a five bed, three-floor Victorian house in Herne Hill. I've no idea what it's worth now but a nearby one recently sold for £2 million.

Are you better off than your parents?
Massively. My older brother and I grew up in a flat on a housing association estate in Bolton. When my father, Hatem, came here in 1972 he did all sorts of work, such as on the buses, though eventually he and my English mother Joyce – they are both in their 80s now – set up a shop selling homeware, vases and ornaments. He wasn't a great businessman, though, so we never had much money.

How much did you earn last year?
It was a goodish year because I got part of the advance for *Love Marriage*, but as an author, my earnings fluctuate wildly. HMRC has a thing called "authors' averaging" because it's so common for writers to earn practically nothing one year and then get a lump sum the next.

What was your first job?
My first job, while still at school, was working on a covered market stall selling fruit and veg in Bolton on a Saturday for £10 a day. Mr Worsley ruled the stall with a rod of iron and you had to weigh the food and work out the price in your head. If a customer challenged the total, he would weigh everything again. Woe betide you if you'd got it wrong! When you have to stand on your feet in the cold for 12 hours you really know the meaning of hard work. After uni I got a job in marketing and publicity at a small publisher on Archway Road in London.

Did you ever worry about making ends meet?
Growing up, it was always hard. When my future husband and I bought the house in East Dulwich, he'd just started working for himself, I wasn't working and we had a big mortgage so that was quite a hairy time financially, too.

What's been your most lucrative work?
Brick Lane. The UK advance was £100,000 and in the US it was $460,000 – an unbelievable amount of money. I was nursing my youngest child at the time, so wasn't drinking , otherwise I'd have downed a bottle of champagne to celebrate. On top of the book royalties, I got paid for the film rights, too. It's also on a couple of A-level English syllabuses so is still selling and attracting a new generation of readers. The money I made from it enabled me to help my parents buy a flat down the road so they could see more of their grandchildren. But *Love Marriage* is also doing very well. It has just been published in the US and will be coming out in Germany, the Netherlands, Sweden and Italy this summer. I've also just sold the television rights following an eight-way auction.

How has Covid affected you?
It probably slowed my writing because both my kids came home, so I had to fit work between what seemed like endless cooking, washing dishes and pants.

Do you invest in shares?
No, and I have no interest in doing so.

What's best for retirement — property or pension?
Probably property, but given that my husband and I can barely change a light bulb I don't think investing in rental properties is for us. I have a Sipp [self-invested personal pension], which I pay into sporadically, but whenever I get a statement and learn I'll get 20p a week when I retire, I ask if it's worth it.

What has been your best investment?
Several years ago, I invested in a four-day meditation course costing £300-400 after a fallow period of not writing. There was an 11-year gap between my last novel and *Love Marriage*. It felt extravagant at the time but really paid dividends. It helped me start writing again. I'd have struggled to write *Love Marriage* if I hadn't done the course.

Your worst investment?
My husband and I had a holiday home in Portugal for ten years when the kids were little, so we bought a beat-up old Citroen estate for €4,000 to use while out there. But bits were always falling off it – the gear stick once came off in my hand and the window wipers would fly off. When we tried to sell it, a garage boss said it was "a total deathtrap". We ended up selling it for scrap for €50.

What's your money weakness?
I invest in the odd artwork, and am fond of Kanak Champa Chakma who paints beautiful impressionistic pictures of indigenous women in hilly areas of Bangladesh, and the US photographer Jeffrey Millstein's stunning urban aerial shots. I spend way too much on books.

Your most extravagant purchase?
A trip with the family to Borneo a few years ago that cost about £20,000, but it was worth every penny. The wildlife was extraordinary – we saw everything from pygmy elephants to orangutans.

What's your financial priority in the years ahead?
I don't really think in those terms. I just want to keep doing what I'm doing, although I'm certainly looking forward to the kids being off the payroll soon.

What if you won the lottery?
I'd have an extravagant holiday with friends, but have no desire to buy a house in the country. Can you imagine all the maintenance? I'd also give money to Hopscotch, a London-based charity that helps minority ethnic women out of poverty and abuse and into work.

What is the most important lesson you've learnt about money?
The importance of investing my time well, be it with family, friends or in work. That has always been more important to me than investing to make money.
Monica Ali is a patron of Hopscotch Women's Centre hopscotchuk.org

Don't just grab that cashback mortgage

George Nixon

Nearly one in three fixed-rate mortgages come with cashback of up to £1,000 but other deals probably offer better value for money.

There were 1,350 cashback mortgage deals at the start of June, according to the data firm Moneyfacts, up from 1,276 last month. Some 64 deals, from lenders including NatWest and Kensington Mortgages, pay £1,000 cashback.

Money looked at the best cashback deals available for first-time buyers, homemovers and remortgagers and compared repayments with the best overall rates. We found that you could pay more in interest over just six months than you would earn on some of the cashback deals.

The lowest rate on a first-time buyer mortgage (available at 95 per cent loan-to-value) with £1,000 cashback is a five-year fix at 3.44 per cent from West Bromwich Building Society. Repayments would be £891 a month on a £200,000 mortgage.

A two-year fix tends to be more advisable for a first-time buyer with a smaller deposit so that you can build up more equity in your home and then remortgage at a lower loan-to-value, so you can get lower rates. The lowest two-year fixed rate at 95 per cent LTV is 2.34 per cent from Progressive Building Society. Repayments would be £774 a month on a £200,000 loan – £118 less than the top cashback deal so you would have paid the cashback in nine months.

The best five-year fixed rate for homemovers with £1,000 cashback is 3.13 per cent from Platform available at up to 85 per cent LTV. Monthly repayments on a £200,000 loan would be £857.

The best overall rate is 2.45 per cent from Reliance Bank, available at up to 75 per cent LTV. Repayments on £200,000 would be £785 a month so the cashback bonus would be eaten up in 14 months.

For remortgagers, the best two-year fixed rate with cashback is 3.89 per cent from Kensington Mortgages at up to 75 per cent LTV. Repayments would be £942 a month on a £200,000 loan. The best non-cashback equivalent is a two-year fix from Reliance at 2.35 per cent, which would cost £775 a month – £167 a month less.

£1,000
cashback offered on 64 mortgages

Mortgage cashback can be attractive to help buyers to pay a stamp duty bill or cover some of the cost of moving. It is available on 31 per cent of deals, while 40 per cent of fixed deals have no product or arrangement fee, 51 per cent either have no legal fees or refund legal costs like those of a conveyancer, and 72 per cent offer a free valuation.

Mark Harris from the mortgage broker SPF Private Clients, said: "Considering the overall cost of a mortgage is important when comparing products to find the best one for your circumstance.

"Freebies can be enticing but you must work out the true cost of them as they often come with a higher rate so you may end up paying more in the long run."

Terry Smith sells out of Starbucks

David Brenchley

Terry Smith drained his popular Fundsmith Equity fund of Starbucks shares in May after buying the stock at its Covid low just over two years ago.

Smith revealed that the coffee chain had been jettisoned from his £23.7 billion fund last month after the stock price fell 31 per cent this year.

He bought in at about $58 a share in March 2020 after it had slipped by as much as 40 per cent. In an interview at the time, Smith said that the firm offered a high return on capital and strong growth prospects, adding that its key competitor in China, Luckin Coffee, had been charged with accounting fraud and been delisted from the Nasdaq exchange.

"So it's basically got a pretty clear runway to faster growth in China as a result of that," he said.

Starbucks stock had more than doubled by July 2021 to a high of $126 but the share price has found the going trickier since.

Shares are presently trading below $80 and Smith said in his latest factsheet that he had sold out in May.

Sean Dunlop from the ratings agency Morningstar said he thought that Starbucks' share price looked attractive and that the firm's products meant that it could dominate its rivals.

It also seems to have pricing power, with Dunlop noting that it had been able to increase prices by an average of 6.8 per cent a year in the US over the past five years.

"We continue to believe that Starbucks remains a compelling long-term story," he said.

Smith has taken the opportunity to buy stocks in other companies as share prices in the US have fallen. In April, he said that he had invested in the software provider Adobe and the laboratory instrument maker Mettler Toledo.

In his latest update, Smith said Adobe and Mettler Toledo had been two of the five best contributors to the fund's performance in May. In the past month, shares in Adobe are up 9 per cent and shares in Mettler Toledo are up 7 per cent.