

10 ways to make your money go further in Europe

Follow our 10-point guide to getting more for making your money go further on the Continent this year.

That's good news for the millions of British holidaymakers who travel to the Continent each year, as they will find their spending money stretches that little bit further. But despite this recovery, travellers shouldn't lose sight of the fact that their pounds will buy far fewer euros than they did last summer.

Yesterday, the exchange rate being quoted by FairFX was €1.14 to the pound – down from €1.27 a year ago. Given this situation, the tips below explain how holidaymakers, investors, property owners – and, of course, incoming MEPs – can make their money go further.

1 TRACK DOWN THE CHEAPEST EUROS

Despite the pound strengthening, holidaying in Europe this summer is still more expensive than it was a year ago. According to FairFX, £500 would have bought you €636.80 a year ago (before any commission charges). Due to the weaker pound, holidaymakers handing over this amount today will receive €65 less.

Travellers are therefore advised to shop around for the best value currency deal. Make sure you take both the exchange rate and commission charges into account. Don't assume all "commission free" deals will work out cheapest – many offer poorer exchange rates. According to Moneysupermarket.com, the best deals at present are from the Post Office, where buying €500 will cost £451.92 and Travelex Online, where the same purchase will cost £453.93. Don't buy euros from airports and ferry terminals because they are almost always uncompetitive. Travelex's Heathrow branch charges £483.15 – that's £30 more than its online operation – for €500.

2 CUT THE COST OF USING PLASTIC OVERSEAS

Using a credit or debit card may be convenient, but it is rarely cheap, and the myriad fees and charges added can substantially bump up the cost of a European holiday. Make sure you pop an Abbey credit card or Nationwide debit card into your wallet instead.

Abbey's zero card has no foreign loading fee – so you get the best possible exchange rate. What's more, it doesn't charge a fee for withdrawing cash from an automatic teller machine (ATM).

However, as with most credit cards, you will be charged interest on all cash withdrawals from day one, regardless of whether you pay off the balance in full at the end of the month. But given most credit cards charge interest and a cash withdrawal fee, the Abbey card will cost less overseas.

Nationwide's debit card is cheaper to use in Europe – as there is no foreign loading and no ATM fee. But charges are imposed outside Europe (unlike the Abbey card) and you do have to open a bank account with the building society to get the card.

3 GET A CHEAPER INSURANCE DEAL

Travel agents can make more money from selling insurance than they do from arranging holidays. So make sure you shop online to secure the cheapest deal. It is possible to buy annual European cover from £15 per person – although these cheaper policies may not offer cancellation cover and some charge excess of up to £200 if you have to claim.

However, Direct Travel Insurance charges just £28.15 for its "Gold" cover, which includes standard benefits and just a £50 excess on most claims. Those who can only afford one trip abroad this year should buy a single-trip policy. Use a comparison site to secure the best deal, prices will vary depending on where you are travelling to, your age and the length of the trip. Those looking for cover for two weeks in Spain will pay just £11.12 with insurefor.com.

4 DRIVE AWAY WITH A CHEAPER CAR RENTAL DEAL

Hiring a car once you are overseas can be expensive, and you have little opportunity to shop around. Instead, try and book car hire before you leave by using one of the specialist price-comparison sites. No one provider always works out cheapest – it depends on individual details.

Try Kayak.co.uk, travel supermarket.com and carrentals.co.uk to find the cheapest deal. Remember to specify all "extras" in advance. Most car rentals offer standard insurance, but this will include hefty excesses to pay in the event of a claim. If you want more comprehensive cover, talk to a specialist insurer (such as Car Hire Excess, Questor Insurance or insurance4carhire.co.uk

5 BUY A SPANISH PROPERTY ON THE CHEAP

While property prices are falling across much of Europe, the most pronounced downturn has been in Spain. But while property prices have fallen, a weak pound has effectively increased the price of buying overseas.

Miranda John, of mortgage broker Savills Private Finance, says euro mortgages start from 3 per cent. If the pound strengthens against the euro, then this will reduce the size of your debt. Ms John says that property buyers should seek specialist advice on whether to opt for a euro or sterling mortgage.

6 INVEST IN EUROPE

Over the last few years, Continental European equity markets have lagged behind their British and US counterparts. But those who already hold investments in the continent will have benefited from the weaker pound, as the assets they hold are in euros. Some fund managers remain confident in the region's potential: Richard Pease, who manages Henderson New Star's European Growth fund, recently invested £1m of his own money in this fund.

But the outlook for European stockmarkets remains uncertain, according to Ben Yearsley of financial advisers Hargreaves Lansdown. "The larger European countries don't have a banking crisis of the same magnitude that we do, but many of the countries have less flexible economies and exports were hit by the strong euro."

One of the best-performing funds in this region is Odey Continental Europe, the top performer over three years. However, investors have only seen their money grow by 1 per cent during that period.

7 TALK FOR LESS OVERSEAS

Many mobile phone users don't realise that they pay hefty charges to receive, as well as make calls while in Europe. While new legislation caps these charges at 38p per minute to make a call (and 19p per minute to receive calls), those on phone contracts can pay far less by requesting a free "roaming" package.

The cheapest is from Vodaphone. This summer it is running a special promotion on its "Passport" scheme – so those asking for this option pay just British call charges. This is available in most European countries. Outside of this special deal, Three has the cheapest standard EU roaming prices: 25p per minute to make calls, 10p per minute to receive them.

8 GRAB A CHEAP WEEK IN THE SUN

Holiday companies are heavily discounting hotels, package tours and self-catering villas and apartments. Sources in the trade suggest that some Spanish hotels are seeing occupancy levels drop by as much as 50 per cent, as cash-strapped Britons stay at home. Not surprisingly, many are now cutting prices, with the heaviest discounts at less popular regions. Travel experts suggest bargain hunters look at the Marche and Liguria regions of Italy; Normandy and Dordogne in France; the Costa Calida and Azahar in Spain and the Ionian islands in Greece. For more details on these see www.telegraph.co.uk/travel

9 CHEAP CITY BREAK

Airlines are also being forced to cut prices in an attempt to fill seats. Many of the budget airlines are running promotional "cheap seat" offers throughout June and early-July.

For example Ryan Air is still offering flights to Barcelona for £10.55 per seat (one way), flights to Venice and Pisa for £4.00, and flights to Alicante on the Costa Blanca for £20, returns are available at similar prices. All flights leave in early July. For more cheap flights, use the "flightchecker" on www.moneysavingsexpert.co.uk

10 WIN A EURO-MILLION

For £1.50 you can buy a ticket in Europe's biggest lottery and have a (very small) chance of winning one of the largest jackpots. The biggest win so far has been £125m but the organisers say there is an estimated jackpot of £37m this week. But as tickets are sold in nine countries, your chances of winning are small: one in 76 million to be precise.

- A free Guide to Saving Money on Holiday Expenses is now available to download from our website, and offers impartial advice to help the savvy traveller save money on various travel extras. The Telegraph has also teamed up with APH to offer readers a range of exclusive discounts when pre-booking airport parking, airport hotels and airport lounges – please call 0844 871 2120 or visit www.telegraph.co.uk/aph