

TACKLE CREDIT CARD CONCERNS



Here are common problems that consumers report with credit cards or debit cards (which deduct payments automatically from your deposit account) along with guidance on how to prevent and resolve those problems.

Billing errors, defective purchases and other disputed transactions. The Fair Credit Billing Act (FCBA) protects you from paying for a purchase that wasn't yours or that you didn't agree to. But you must write the creditor using the address given for billing inquiries (not the payment address) and your letter must reach the creditor within 60 days after the first bill containing the error was mailed to you. The FCBA allows you to withhold payment for defective goods or services purchased with a credit card until the problem has been corrected. In general, the purchase must be for more than \$50 from a merchant in your home state or within 100 miles of your home. Your card issuer may offer additional protections.

Application denied or loan terms less favorable than expected: Credit report errors can prevent you from getting the best possible loan terms, so periodically review your credit report to make sure everything is correct. If you find an error, write to the credit bureau that prepared the report.

Late payment fees: Allow enough time for your payment to reach your card issuer. Remember that financial institutions mark credit card payments as "paid" on the day they are received, not the day you mailed it. Find out your bank's cutoff time for card payments. And if you know your "late" payment arrived on time, contact your card issuers.

Confusion over promotional offers: You're probably familiar with deals like "zero percent interest" on a credit card or "no payment on merchandise until next year" if you put your purchase on your charge card. These offers usually are for limited purposes and time periods, something many consumers don't focus on until they run up unexpected charges, so be sure to read the fine print.

Minimum Payments, Maximum Costs on Credit Cards: While it might appear to be a good deal to pay only the minimum amount due on your credit card's outstanding balance each month and keep the extra cash for other bills, this could be one of the worst financial moves you can make. Why? It will take you a very long time to pay off the balance, and the interest costs (often quite high on credit cards) can be shocking. *Example:* If you pay on the minimum due, a \$500 television would cost you more than \$900 (including interest costs) and require eight years of payments.

So pay as much as you can on your charge card each month - pay the entire balance, if possible - to avoid interest charges. If all you can afford is the minimum amount, pay that...and pay it on time to avoid a late fee and other potential problems.

While it takes discipline to pay most or all of your credit card bill each month, the sooner you pay off your balance, the less you pay in interest and the more you have available to save for a home, college, education, retirement, or something else that truly benefits you.

Source: Federal Deposit Insurance Corporation