
From: _Board Mail
Sent: Tuesday, May 13, 2008 8:28 AM
To: _Regulatory Comments
Subject: FW: credit card practices

From: vonvillasb@aol.com [mailto:vonvillasb@aol.com]
Sent: Monday, May 12, 2008 6:26 PM
To: _Board Mail
Subject: credit card practices

To the Editor:

It appears that, finally, the deceptive practices of credit card companies are going to be addressed. Working with college students, I learned how little students know about credit and how easily they can become trapped in debt. For example, more than 75% of students in a recent class had credit cards, but only one knew his interest rate. No one was aware of the danger to a credit score if a payment is late.

I am certain that few of their parents are aware of the changes instituted by credit card companies right under our noses. As someone who knows how much she paid for postage stamps in 1959, I am embarrassed to say that I, too, have been a victim of these shenanigans.

I regularly use one credit card for everything I purchase because of the cash-back provision. I pay the full balance every month.

Two months ago, I paid half of my bill before the due date, the other half a week later – all was paid in full by the closing date. Nevertheless, I was charged a finance charge because, I was told, I had not paid the full balance by the payment date.

The next month, although I paid the full balance before the payment date, I was told that I would be charged a finance charge until I had paid my full balance by the payment date for 2 consecutive months. (No doubt it's in the "fine print.") I stopped using that account.

After reading last week about the proposed changes to credit card practices, I reviewed my credit card statements for the last 5 years, finding that, in 2003, my interest rate was 12.49%. Between January and December, 2004, my rate rose incrementally to 14.77%. Between January and December, 2005, the rate climbed to 16.78%. By December 2006, it was 18.48%. In 2008, the rate was 19.24% - until I called to complain. They still lost my business.

5/15/2008

These increases took place without any change in my payment practices or my credit rating. Frankly, I never paid much attention because I always paid my full balance each month. It was not until I split the payment across the month – still paying the balance in full – that I discovered the Catch-22. Gotcha!

Imagine the impact of these increases on people who carry a balance from month to month!

So, here I am, writing this letter to give a heads up to everyone out there who doesn't compare credit card statements from one month to the next and saying to the "Federal Reserve and other regulators" who are "aiming at protecting people from credit card companies that arbitrarily raise interest rates," it's about time!!!

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