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## Consumer Advisory Bulletin- Fall 2003

### Bank Credit Card Information

Many inquiries to the Iowa Attorney General's office are about bank credit card terms and practices for credit cards issued by out-of-state national banks.

#### Credit Card Fees

The most common questions are about credit card fees and charges. These include over-the-limit, close-out, "non-use" and late fees. Consumers have questions about high interest rates generally, including high "penalty" interest rates. Most of the questions refer to cards issued from national banks headquartered in states that have no limits on credit card interest rates and fees. Neither the Attorney General's Office nor the Iowa state legislature has any authority over such fees when charged by out-of-state card-issuers. Under federal law, these banks are able to operate in Iowa under their home state's law. They are not required to abide by Iowa laws about credit card interest rates and fees.

#### Types of Credit Card Complaints

The Attorney General's Office receives consumer complaints mainly about four practices of card-issuers:

- 1) quoting a pay-out figure over the phone, then failing to accept that amount as payment in full;
- 2) failing to respond to written billing disputes;
- 3) making it difficult to close accounts; and
- 4) making misleading offers for cash advances, checks or interest rates.

Iowans who are dissatisfied with the terms allowed by the card issuer's home state may consider moving their credit card accounts to Iowa-based credit unions or banks to get the benefits and protection of Iowa limits on fees. Even though interest rates are not capped in Iowa, late fees are.

Minors or people under age 18 can be issued credit cards. However, the issuer is risking the possibility that the underage person will disaffirm the account when he or she reaches 18.

#### Filing a Complaint

Iowa generally does not regulate out-of-state banks. Therefore, you need to contact federal law makers and the bank's regulator. If you wish to register complaints about credit card fees, charges, and other practices, you may wish to call or write your representatives in Congress. You may also complain to the agency which regulates most of these card issuers -- the Comptroller of the Currency. Address your letters to: Comptroller of the Currency, Customer Assistance Unit, 1301 McKinney, Suite 3710, Houston, Texas 77010.

Web site address: <http://www.occ.treas.gov/customer.htm>

Email address: [Customer.Assistance@occ.treas.gov](mailto:Customer.Assistance@occ.treas.gov)

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