

CONSUMER ADVISORY

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By Attorney General Tom Miller

New Protections for Credit Card Consumers

The new U.S. "Credit CARD Act" gives consumers new rights and protections with their credit cards. It took full effect on February 22, 2010. **Here are some of your new rights, and changes you can expect from credit card companies:**

- **Limits on interest rate increases.** Under the new Credit CARD Act: Credit card companies must give you 45 days' notice of any significant changes in your credit card terms. The interest rate on a new credit card cannot be increased in the first 12 months that you have the card. It is illegal for the card issuer to increase the interest rate retroactively unless you are 60 days late on a payment. If your interest rate (APR) is increased because of a late payment on your card, then, after 6 months of you paying on time, the APR must return to the prior lower rate. Companies no longer can raise your interest rate if you are late paying on *another* company's bill or payment.
- **More credit card billing information.** Your monthly credit card bill will include information about how long it will take to pay off your balance if you only make the minimum payments. It will also state the amount you would need to pay each month in order to pay off your balance in three years. All bills must be sent to you at least 21 days before the due date. The bills also must have a phone number and Internet address with information on how you can make payments.
- **New protections for underage consumers.** If you are under age 21, you must prove you are financially independent in order to open a credit card account, or you will need a co-signer who is over 21 and is willing to be liable for your debts. No more "freebies" – companies cannot offer "free" items to students to get them to sign up for a card on or around campus, or at a college-sponsored event.

Manage your credit cards carefully to avoid expensive credit card debt. Pay on time and pay the full balance each month if possible. Most credit card companies will not impose a finance charge (except on cash advances) if you pay in full before the due-date on your bill. Avoid "maxing-out" on cards or paying only the minimum amount due. Go to www.federalreserve.gov/consumerinfo/wyntk/creditcardrules.htm for more information about credit card protections.

To file a complaint or get more information, contact the Iowa Attorney General's Consumer Protection Division, Hoover Bldg., Des Moines, IA 50319. Call 515-281-5926, or call toll-free to 888-777-4590. The web site is www.iowaAttorneyGeneral.gov (click on "protecting consumers.")