

Credit Card Bill of Rights

Written by Mike Honda
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In May 2009, President Obama signed into law the [Credit Card Accountability Responsibility and Disclosure Act](#) to rein in unfair practices of credit card companies. Some of the changes included in that bill went into effect in August 2009, but a number of its important consumer protection provisions became effective just recently, on February 22, 2010.

Stopping Undisclosed Interest Rate Hikes

Many companies would lure in cardholders with low introductory rates, which they would then increase dramatically and without warning. Card issuers must now provide all cardholders with 45 days advance notice of an interest rate change. Furthermore, promotional interest rates that attract new accounts must apply for at least 6 months and, unless there is full disclosure at the time of the creation of the account, the interest rate cannot be increased in the first year.

The new law stops credit card companies from raising interest rates on existing balances as long as you pay your bill on time. Furthermore, rates cannot go up in the first year of a new account, and 45 days notice must be provided before any new rates are put in place. If the interest rate is increased, it can only be applied to purchases made after that increase, and any previous balance will be subject to the lower interest rate.

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Working Better for your Budget

Some credit card company practices make it hard for families to balance their monthly budget and make purchases at appropriate times. Previously, credit card companies would allow card holders to exceed their credit limit, only to impose enormous penalties and interest rate increases. The new law stops this practice, although cardholders may still opt-in to allow themselves to exceed their own transaction limit and accept any related fees. Additionally, credit card statements must now be mailed 21 days before they are due and the payment due date must be the same day every month, giving families time to plan. If the payment due date falls on a weekend or holiday, card holders will have until the following business day to pay. A complete list of the new credit card rules is available [here](#).

This new law is meant to protect people from unfair practices, but it is not intended to remove the responsibility and accountability that comes with using a credit card. Always read the terms of your credit card and review your monthly statements carefully. If you have questions about managing your debt, get [informed](#) and find a [reputable credit counselor](#) today.