



Credit Card Reform: What It Means For You

- Protections Against Rate Increases
- Streamlined Billing Practices
- Fee Restrictions
- Improved Disclosures
- Protections for Young Adults

ABOUT THE LAW

The Credit Card Accountability Responsibility and Disclosure Act (CARD Act) became law on May 22, 2009. This important law empowers you as a consumer with more choices and better information. Continue reading to find out more.

More information on the CARD Act can be found at
www.CardPolicyInfo.com



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You Are Protected Against Interest Rate Increases

- The CARD Act **prohibits interest rate increases during the first year**, and promotional rates must last at least six months;
- The CARD Act **prohibits interest rate increases on outstanding balances and bans “universal default” and “double-cycle billing”** (Exceptions apply for accounts where payment is more than 60 days past due, the card carries a variable interest rate tied to a public index, an introductory or promotional rate expires, or the customer fails to comply with a workout agreement.); and
- After the first year of a new account, interest rates may be increased for future transactions. But you must first be given **45-days advance notice about the rate increase** and the new rate cannot go into effect until 14 days after notice of the change is sent to you.
- The Federal Reserve **requires credit card issuers to reconsider any interest rate increase** on an account since January, 2009.



Billing Practices are Streamlined

- The CARD Act requires **payments above the minimum amount due to be applied to your balance with the highest interest rate first**. This helps you pay off your balances quicker and saves you money;
- The CARD Act requires **payment due dates to be the same every month**, minimizing confusion about when a payment must be received and helping you avoid any late fees; and
- The CARD Act **requires bills to be mailed to you at least three weeks before payment is due**.

Certain Fees are Restricted



- The CARD Act **prohibits over-the-limit fees** unless you expressly authorize such fees in advance;
- The CARD Act generally prohibits charging fees that relate to the manner in which you make payments on your credit card bill. For example, you **can't be charged a fee for paying the bill by phone instead of by sending a check** (an exception applies in cases where a request for expedited payment is received);
- Most **late payment fees cannot exceed \$25** and no fee can exceed the dollar amount of the infraction;
- **Card issuers can no longer charge inactivity fees for customers** who have a credit card but are not making purchases; and
- The CARD Act **dramatically limits upfront fees on subprime cards**.

Disclosures are Vastly Improved

- The CARD Act **requires card companies to disclose certain important information in table format with every billing statement**. This includes the payment due date, the ending balance, the minimum payment due, how much a late payment fee would be, a warning about late payments and a warning that paying only the minimum will ultimately cost more;
- The CARD Act also **requires companies to disclose how long it would take you to pay the entire balance off if you only make monthly minimum payments**, and a separate disclosure must detail how much you must pay each month in order to pay your balance in full within 36 months; and
- The CARD Act also **requires card agreements to be posted on the Internet**.
- As of July 1, customers have benefitted from **new standardized disclosures required by the Federal Reserve that simplify credit card account agreements and applications, billing statements, and change in term notices**.

Young Adults Are Protected

- The CARD Act **requires young consumers under the age of 21 to obtain a co-signer on a credit card application** or to provide proof that the applicant can make the payments.