



Consumer Federation of America

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NEW CREDIT CARD PROTECTIONS ARE A GOOD START BUT SHOW THAT AMERICANS STILL NEED A CONSUMER COP ON THE BEAT

Washington, D.C. – The Consumer Federation of America lauded new protections for credit card consumers that take effect today as part of the Credit Card Accountability, Responsibility, and Disclosure (CARD) Act. CFA also cited continuing abuses in the credit card marketplace as a reason for the creation of a new federal Consumer Financial Protection Agency.

“The new protections of the Credit CARD Act are groundbreaking, but large credit card issuers are already coming up with new tricks and traps to extract as much money as possible from consumers,” said Travis Plunkett, CFA’s Legislative Director. “Card issuers have increased interest rates and fees in advance of the law’s implementation and imposed new terms to evade protections in the law. That’s why we need the Senate to enact the Consumer Financial Protection Agency, so that consumers will have a cop on the beat to stop continuing credit card company antics.”

Most provisions of the credit card law, which was approved by Congress and signed into law by President Obama last year, take effect today. The law requires card issuers to:

- Provide at least 45 days notice to most customers before making significant changes to their card, such as hiking the rate or fees.
- Inform customers on their monthly bill how long it will take to pay off their balance if they make only minimum payments.
- Mail a monthly bill at least 21 days before payment is due and not use holidays and weekends as an opportunity to levy late fees.
- Apply payments to the highest interest balances first.

And the law prohibits card issuers from:

- Increasing the card’s interest rate in the first year of the account in most cases.
- Applying any increase in rates to old charges in most cases.
- Charging an over-the-limit fee unless the customer affirmatively authorizes over-the-limit charges.
- Issuing cards to consumers under 21 years of age unless they show they have the ability to make payments or get a co-signer.
- Using double-cycle billing, where interest charges are imposed on purchases that have already been paid off.

“As we’ve seen, overseeing the credit card companies is like playing Whack-A-Mole – just when one abuse is shut down, they come up with something new,” said Susan Weinstock, Financial Reform

Campaign Director at CFA. “That’s why we need a Consumer Financial Protection Agency whose sole mission will be to look out for consumers and to stop these abuses as they develop.”

The Consumer Federation of America is a non-profit association of more than 280 groups that, since 1968, has sought to advance the consumer interest through research, advocacy, and education.