



Consumer Federation of America

1620 I Street, N.W., Suite 200 * Washington, DC 20006

For Immediate Release:
September 23, 2008

Contact: Travis Plunkett, 202-387-6121

STATEMENT OF TRAVIS PLUNKETT ON PASSAGE OF THE CREDIT CARDHOLDERS' BILL OF RIGHTS BY THE HOUSE OF REPRESENTATIVES

For the first time ever, a body of Congress has passed legislation to protect consumers from abusive lending practices by credit card companies. This afternoon, the United States House of Representatives passed the Credit Cardholders' Bill of Rights Act (H.R. 5244) with strong bipartisan support by a vote of 312-112. The bill would curb some of the most arbitrary, abusive and unfair credit card lending practices that trap consumers in a viscous cycle of debt, including:

- Applying unfair interest rate hikes retroactively to balances incurred under the old rate;
- Assessing hidden and unjustified interest charges on balances already paid off;
- Piling on the debt that consumers owe by requiring them to pay off balances with lower interest rates before those with higher rates;
- Charging late fees even though consumers mail their payments seven days in advance of the due date; and
- Charging excessive upfront fees to subprime cards targeted at consumers with blemished credit histories.

The traps and tricks that credit card companies use to increase their profits are causing credit card balances for many families to balloon out of control, pushing them towards financial catastrophe. Americans now carry about \$850 billion in credit card debt, which represents an average debt of over \$17,000 for the approximately 50 million households that do not pay their credit card balances in full every month. The number of families that are behind in paying their credit card bills – a sign of serious financial problems to come – are at their highest level since the recession of 2002.

The Consumer Federation of America applauds Representative Carolyn Maloney, the lead sponsor of this important bill, for working so hard for its passage. We now call on the Senate to move credit card reform legislation as soon as possible. We urge the Senate to include credit card reform as part of legislation it passes to rescue banking firms. Cash-strapped consumers shouldn't continue to be gouged by excessive credit card rates and fees by many of the same financial institutions that will benefit from the bailout.

-30-

For more information:

http://www.consumerfed.org/pdfs/H_R_5244%20%20Coalition_Support_Letter.pdf