

Via regulations.gov
Comment Intake
Consumer Financial Protection Bureau
1700 G Street NW
Washington, DC 20552

Re: Information Regarding Consumer Credit Card Market, Docket No. CFPB–2023–0009.

The National Consumer Law Center (on behalf of our low-income clients) and Consumer Federation of America submit the following comments¹ to the CFPB’s 2023 Request for Information (RFI) Regarding the Consumer Credit Card Market. The CFPB issued this RFI pursuant to the Credit Card Accountability, Responsibility and Disclosure (CARD) Act of 2009, which requires the CFPB to conduct this study on a bi-annual basis.

This comment focuses on the following topics:

A. Deferred Interest. It is way past time for the CFPB to eliminate deferred interest, which harms millions of Americans every year.

B. Medical credit cards. The CFPB should specifically study medical credit cards and adopt reforms to prevent deceptive, unfair, and abusive practices when these cards are offered by healthcare providers.

C. Online-only statements and disclosures. The CFPB should preserve the ability of consumers to receive paper disclosures and statements, should stop deceptive methods and dark patterns used to push people unknowingly into giving up their paper statements, and should require issuers to provide easy-to-use methods to switch back to paper. The CFPB should also develop versions of statements and disclosures that are mobile friendly.

D. Military Lending Act issues. According to the Department of Defense’s review of the Military Lending Act (MLA), the MLA is working as intended. However, the CFPB should conduct its own detailed research into the impact of the MLA and Servicemembers Civil Relief Act’s coverage of credit cards on servicemembers, and not rely on flawed outside research that portrays such impact in a negative light.

Some of the problems that we discuss in these comments are ones that we have flagged for many years in response to earlier Credit CARD Act study RFIs, such as abuses from deferred interest promotions. Thus, we incorporate by reference our previous Comments to the CFPB’s RFIs regarding the Credit Card Market from 2013, 2015, 2017, 2019 and 2021. These documents are publicly available at the following links embedded in the titles:

¹ These comments were written by Chi Chi Wu, April Kuehnhoff, and Lauren Saunders of NCLC, with assistance from Carolyn Carter of NCLC and Rachel Gittleman of CFA. April Kuehnhoff was the primary author of the medical credit card study at Appendix A. The deferred interest complaints in Appendix B were compiled by student intern Jay Sweitzer-Shalit.

1. [Comments to CFPB Regarding 10-Year Regulatory Flexibility Act Review and Biannual Credit CARD Act Market Review](#) October 27, 2020.
2. [Comments of NCLC in response to CFPB Request for Information Regarding the Credit Card Market](#), May 2019
3. [Comments](#) of NCLC in response to CFPB Request for Information Regarding the Credit Card Market, June 8, 2017
4. [First Set](#) and [Second Set](#) of Comments of NCLC in response to CFPB Request for Information Regarding the Credit Card Market, May 18, 2015
5. [Comments to the Consumer Financial Protection Bureau regarding the Credit CARD Act of 2009](#), Feb. 19, 2013

In addition, NCLC recently discussed subprime specialist, or “fee-harvester” credit cards in our comments to the CFPB’s RFI on Junk Fees. We reiterate our request for CFPB to re-issue the prior rule requiring pre-account opening fees to be included in the calculation of fees for purposes of the 25% cap, and we incorporate by reference pages 29 through 39 of the following:

6. [Consumer Group Comments](#) to the CFPB’s Request for Information Regarding Junk Fees Imposed by Providers of Consumer Financial Products or Services, May 2, 2022 (corrected Jan. 19, 2023).

A. Deferred Interest

Question 1. c. How are the terms of, and practices related to, major supplementary credit card features (such as credit card rewards, deferred interest promotions, balance transfers, and cash advances) evolving?

Question 3. a. What unfair, deceptive, or abusive acts and practices exist in the credit card market? How prevalent are these acts and practices and what effect do they have? With regard to any unfair, deceptive, or abusive acts and practices that exist in the credit card market, how might any such conduct be prevented and at what cost?

We again urge the CFPB to ban deferred interest promotions, as we did in our 2013, 2015, 2017, 2019, and 2020 comments to the CFPB’s Credit CARD Act RFIs and in our *Deceptive Bargain* report.² Indeed, we began advocating for the elimination of deferred interest right after the Credit CARD Act of 2009 was passed and have done so consistently for over a decade.³ All of the reasons that we advocate for a ban on deferred interest are as valid as ever.

² Chi Chi Wu, National Consumer Law Center, *Deceptive Bargain: The Hidden Time Bomb of Deferred Interest Credit Cards*, at 13, December 2015, www.nclc.org/resources/deceptive-bargain-the-hidden-time-bomb-of-deferred-interest-credit-cards/.

³ See, e.g., Comments of NCLC, et al to CFPB on ability-to-pay requirements and household income at 5-6 (Jan. 7, 2012), www.nclc.org/resources/group-comments-to-the-consumer-financial-protection-bureau-regarding-regulation-z-12-c-f-r-part-1026/.

1. Inherent deception

Deferred interest promotions are inherently deceptive. Many consumers simply do not understand how these promotions work, because they are complicated by nature. The CFPB itself has noted the opaqueness of these products, stating that “there are significant indications that the lack of transparency in this market contributes to avoidable consumer costs.”⁴ The Bureau has also characterized deferred interest plans as “the most glaring exception to the general post-CARD Act trend towards upfront credit card pricing.”⁵

An examination of more recent complaints in the CFPB finds that the inherent deceptiveness of deferred interest still continues to harm consumers. Appendix B includes a sample of several dozen complaints about deferred interest gathered from the CFPB Complaint Database that were filed within the last four years. The following are a few examples of consumers being misled by deferred interest promotions:

“...I opened this account back in XXXX at my doctor 's office through their receptionist. The terms that the woman described when I opened the account and the actual terms were completely different ; as she opened my account on the computer at the reception desk with only my name, ss # and birth date. The receptionist at the doctor 's office mentioned there was a promotional interest rate with all new purchases and/or medical procedures done on the card, so I decided to apply and use it. No one ever showed to me or told me that if I didn't pay off the full balance before the end of the deferred interest rate period, that my percentage rate would go up an exorbitant rate ; this is criminal and should not be allowed. Case in point : my balance went up by {\$2600.00} on XX/XX/XXXX, and I never even purchased that amount of charges in XXXX ; that was just interest from previous charges on a deferred interest rate, so they said. [This] has made my minimum payment double and I am currently on unemployment since I lost my job in XXXX. THIS IS DECEPTIVE and wrong! ...

Source: Excerpt of CFPB Complaint No. 6401454, filed January 5, 2023

“I was made by XXXX XXXX XXXX to open a Care Credit account to pay for extensive dental work when they said they wouldn't take my XXXX XXXX XXXX XXXX anymore. I did so the day of a mouthful of extractions in prep for dentures. I was told you had XXXX months of no interest. I was anesthetized heavily and after surgery so I did what I was told to do to put {\$1300.00} on care credit on XX/XX/XXXX, I paid {\$1000.00}, and used XXXX on balance. Eventually I needed an alveoplasty and XXXX implants for an implant supported bottom denture, so approx.another \$ XXXX was put on the charge. Been paying \$ XXXX month for the last XXXX months. Left {\$1100.00} left at the XXXX date, XXXX days ago, when Synchrony Bank added {\$700.00} interest charge to the acct stating I didn't pay it off in XXXX months. First, I was never told I would have to pay it off in order to avoid a {\$700.00} interest charge on an {\$1100.00} balance. I spoke with an account manager yesterday and she said all they could do was

⁴ Consumer Financial Protection Bureau, Consumer Credit Card Market Report 10 (Dec. 3, 2015), https://files.consumerfinance.gov/f/201512_cfpb_report-the-consumer-credit-card-market.pdf (“CFPB 2015 CARD Act Report”).

⁵ *Id.*

take the interest off if I paid the {\$1100.00} balance by XX/XX/XXXX. I said I am a senior citizen on partial social security and can't do that. She wouldn't budge. Plus, neither did XXXX XXXX say anything about having to pay a big interest dump if it wasn't paid off in XXXX months. Plus I was anesthetized at time card was instituted on me. I couldn't have read a thing!"

Source: Excerpt of CFPB Complaint No. 5209562, filed February 10, 2022

"Bought a washer and drier at Home Depot in XXXX of XXXX. Was told to get a Home Depot credit card to take advantage of 0 % interest for 18 months. I directly asked and it was directly related to me that there was no interest charge and would be no interest charged until after 18 months. At no time was it related to me by the store representative that the account was for " deferred interest " and that interest was in fact accruing the entire period at an onerous 30 %. As I utilize online banking and autopay my card I had no reason to go online and see interest payment on my account until I logged on in XXXX of XXXX when I had money pay off the cards remaining balance in full. I was quite enraged to find that my balance was not the {\$600.00} i expected but rather some {\$1200.00} after being charged {\$650.00} in Deferred Interest! If I would have known this was occurring or would occur I like would have never opened the account to begin with or would have most certainly paid off the card immediately. Now I am being charged {\$650.00} dollars in interest for a {\$1000.00} washer and dryer. Please help!

Source: Excerpt of CFPB Complaint No. 5433996, filed October 18, 2021

2. Harming the most vulnerable

Multiple CARD Act reports have found that it is consumers with lower credit scores who bear the brunt of retroactively charged deferred interest. Thus, struggling consumers are subsidizing free credit for superprime consumers.

For example:

- The CFPB's 2015 report found that from 2009 to 2013, over 40% of cardholders with subprime scores and 50% of those with deep subprime scores failed to pay off the balance by the end of the deferred interest period.⁶ In contrast, nearly 90% of superprime cardholders avoided the assessment of deferred interest.⁷ For those years, subprime consumers only made up 11% of deferred interest purchase volume, but paid 24% of the interest charges.⁸
- The CFPB's 2017 CARD Act report found that over half of cardholders with subprime scores failed to pay off the balance by the end of the deferred interest period but nearly 90% of superprime consumers avoided getting hit with deferred interest.⁹ Subprime

⁶ CFPB 2015 CARD Act Report at 167, fig. 8.

⁷ *Id.*

⁸ *Id.* at 197.

⁹ CFPB, The Consumer Credit Card Market 108 and Fig. 30 ((December 2017),

https://files.consumerfinance.gov/f/documents/cfpb_consumer-credit-card-market-report_2017.pdf.

consumers made up 12% of deferred interest purchase volume, but paid 30% of the interest charges.¹⁰

- The CFPB’s 2021 report found better payoff rates in 2020, probably due to the COVID-era financial supports provided by the government. Only 38% of subprime balances failed to pay off the balance by the end of the deferred interest period; once again nearly 90% of superprime balances were paid off.¹¹ The 2021 report did note that 46 percent of subprime and 49 percent of deep subprime balances were not paid off in 2019.¹²

As the CFPB knows, there are significant racial and economic disparities in credit scores.¹³ These statistics mean that the consumers who are burdened with hefty deferred interest charges will more likely be Black or Latino, as well as more economically vulnerable. Superprime consumers, who are more likely to be white and higher-income, get the benefit of interest-free financing that is subsidized by less well-off and BIPOC consumers. As with other exploitative credit card practices such as late fees, lenders profit disproportionately from charges imposed on financially vulnerable consumers as well as BIPOC communities.

3. Deferred interest abuses affect millions and is a growing problem.

Unwelcome surprise deferred interest charges are a wide-scale problem, affecting millions. According to WalletHub, 19 of the 72 largest retailers offer deferred interest, including Amazon, Home Depot, Lowe’s, Wayfair, JCPenneys and Best Buy.¹⁴

One of the largest purveyors of deferred interest promotions is Synchrony, which states it has 70 million accounts.¹⁵ About 20% of which have a deferred interest promotion, translating to 14 million accounts.¹⁶ Of those, Synchrony states “approximately 80% of customer transactions are typically paid off before interest is assessed.”¹⁷ This means about 20 percent of purchases end up being assessed retroactive deferred interest, affecting about 2.8 million accounts.

¹⁰ *Id.* at 110.

¹¹ CFPB, The Consumer Credit Card Market 97 (Sept. 2021), https://files.consumerfinance.gov/f/documents/cfpb_consumer-credit-card-market-report_2021.pdf (“CFPB 2021 CARD Act Report”).

¹² *Id.*

¹³ Chi Chi Wu, National Consumer Law Center, Policy Brief: Past Imperfect: How Credit Scores and Other Analytics “Bake In” and Perpetuate Past Discrimination, May 2016, www.nclc.org/images/pdf/credit_discrimination/Past_Imperfect050616.pdf.

¹⁴ Alina Comoreanu, WalletHub, 2023 Deferred Interest Study: Which Retailers Use It?, Nov. 17, 2022, <https://wallethub.com/edu/cc/deferred-interest-study/25707>.

¹⁵ Synchrony Financial Form 10-K, Annual Report Pursuant to Section 13 or 15(D) of the Securities Exchange Act of 1934 for the Fiscal Year Ended December 31, 2022 at 15, https://synchronyannualreport.com/downloads/synchrony_2022_10k.pdf.

¹⁶ *Id.* at 16.

¹⁷ *Id.* This statistic is similar to the payoff rates that the CFPB found in its 2021 CARD Act report. *See* 2021 CARD Act report “This report finds promotion payoff rates of 81 percent and balance payoff rates of 82 percent in 2020, a marked increase from previous years.” CFPB 2021 CARD Act Report at 97.

Synchrony has about one-third of the deferred interest market.¹⁸ If other issuers of deferred interest promotions have similar numbers, that means that about 8.4 million accounts end up paying deferred interest.

Furthermore, in the last decade, deferred interest has grown significantly in terms of both purchase volume and costs. The CFPB's 2021 Credit CARD Act report found that total deferred interest purchase volume was over \$60 billion in 2020, an increase of 16 percent from 2017.¹⁹ More significantly, it is nearly double the volume from 2011.²⁰

As for costs, the CFPB reported that the aggregate amount of deferred interest assessed to consumers increased by 45 percent from 2015 to 2020, to just over \$2.5 billion in total.²¹

4. Difficult to determine monthly payments that will pay off the balance

Issuers generally set the minimum payment at less than the amount that would pay off the balance during the deferred interest period. Consumers do not understand this, or they have trouble calculating the amount necessary to pay each month to avoid being assessed deferred interest. Even miscalculating by only a few dollars the amount needed to pay off the deferred interest balance results in huge deferred interest charges being imposed. These complaints from the CFPB Complaint Database illustrate consumer surprise and confusion over this issue:

“I was offered a promotional no interest period through Care Credit from my XXXX office to pay for a {\$2500.00} procedure. This was the total charge on the card. No other charge was ever made on the card. I was told that if I paid automatically via bank transfer on time each month, I would not be charged interest. The credit card company set the automatic payment amount. I paid every month with auto-draft and never missed a payment. After 18 months, the credit card company added an interest charge of {\$1000.00} and has since been charging interest monthly for a total year to date interest charge of {\$1100.00}. The advertised interest rate on the card is 26.99 %. The amount of interest I was initially charge after the end of the promotional period was 45 % of the original charge. ({\$1000.00} interest fees on {\$2500.00} charge). This is outrageous and I would have never used this card had I known this was what they were going to do. I tried to resolve this with the credit card company on multiple occasions. One customer service rep admitted that Care Credit (aka Synchrony bank) purposefully does not let the consumer know they are only setting them up with the minimum payment which will not

¹⁸ Alina Comoreanu, WalletHub, 2023 Deferred Interest Study: Which Retailers Use It?, Nov. 17, 2022, <https://wallethub.com/edu/cc/deferred-interest-study/25707>.

¹⁹ CFPB 2021 CARD Act Report at 93.

²⁰ The CFPB's 2013 Credit CARD Act report noted that “customers with superprime credit scores financed almost \$19 billion in deferred interest purchases . . . accounting for over 60% of total deferred interest financing.” CFPB, CARD Act Report: A Review of the Impact of the CARD Act on the Consumer Credit Card Market 79-80 (Oct. 1, 2013), https://files.consumerfinance.gov/f/201309_cfpb_card-act-report.pdf. Doing the math, that is about \$32 billion in deferred interest purchase volume.

²¹ CFPB 2021 CARD Act Report at 98.

result in a payoff within the promotional period. I specifically requested to have this set up to pay off within the promotional period when I set up auto payments.”

Source: Excerpt of CFPB Complaint No. 3848078, filed September 16, 2020

“The problem is that upon the date of XXXX service and enrollment in CareCredit/Synchrony Bank (XXXX), the XXXX office claimed that the costs of the procedure could be financed by CareCredit at 0 % annual interest along with a monthly principal payment that would pay off the balance in a couple of years. I wholly relied on the XXXX office representatives oral explanation and, thereafter, monthly payments were auto-drafted from checking. However, at the end of XXXX, I looked further to discover that the promised 0 % annual interest is really 26.99 % APR, the terms are really interest-deferred for 18 months, at which time, the accumulated deferred interest of {\$750.00} from month one through month 18 is applied to the remaining principal balance.”

Source: Excerpt of CFPB Complaint No. 3549479, filed February 29, 2020

“I have a XXXX XXXX account through Comenity Bank and was offered a promotional plan and was only told that I had certain amount of months to pay off the balance. I was not told that there would be what they called a " deferred interest " charge. I have been making payments regularly before my due dates and paid much more than the minimum amounts each month. On the last month, I tried to pay the balance off before the promotional offer expired but I paid {\$220.00} instead of {\$230.00} as I was not aware that {\$230.00} was due before XX/XX/XXXX. I was estimating the total amount to be due on balance was {\$220.00} because I've been paying around \$ XXXX/month which was way more than the monthly minimum due amount. I underpaid by {\$5.00} and was charged {\$640.00} in interest on XX/XX/XXXX. The interest charge of {\$640.00} is ridiculous and unfair as I was not aware that I would be charged interest for the beginning balance accrued over time. I understand I would owe interest or finance charge if I had not been paying or have missed any payments. But I have been paying regularly over the minimum amount and never missed any payment. I miscalculated on the last payment by {\$5.00} and was charged {\$640.00} of interest?”

Source: Excerpt of CFPB Complaint No. 4479621, filed October 21, 2020

5. Payment allocation confusion and violations

Consumers with a deferred interest balance may have other balances that are not subject to a promotion or have a different promotional period. As the complaints show below, payment allocation in these instances is very complicated, and it can be nearly impossible to pay off a deferred interest balance to avoid retroactive interest.

“In XXXX of 2018, I was promoted a 0 % interest for 2 years on an item at Best Buy, using the Citi Bank My Best Buy credit card. I was immediately approved and made on time payments for two years. XX/XX/XXXX, I opened my account to make a payment, and noticed XXXX dollars interest had been applied. The promotion on my TV ran out, and it was deferred interest (which was never vocalized to me). When I called to ask about how to rectify the situation, I was told that I could pay off the XXXX dollars still

owed. When I asked how this happened, the employee told me that my on time payments were applied to other purchases, and not the promotional item. They chose to allocate my payments to other purchases.”

Source: Excerpt of CFPB Complaint No. 4586935, filed December 18, 2020

“PayPal Credit offers 2 types of promotional purchase programs. 1) 0 % interest if paid in full in 6 months, with deferred interest 2) 0 % interest with 24 monthly " Easy Payments " ***If you have both types promotional purchases ongoing at the same time, payments made online will be applied mostly to the Easy Payments purchase instead of the deferred interest promotion. This is in spite of the fact that on the statements it clearly lists a " Monthly Plan Payment ", which is the original purchase price divided by 24. ***If you make large payments with the intent of paying off the 6-month promotion so as to avoid paying deferred interest, the payments are instead applied to the Easy Payments balance. The result is that you wind up paying off the 24-month promotion early while also owing the deferred interest on the 6-month promotion. Furthermore, if you make a purchase and return for a credit, the credit gets applied to your Easy Payments promotion! ***There is no way to force payments to be allocated to the Easy Payments promotion in such a way that the Monthly Plan Payment is made each month, with the balance of the payment being applied to the next 6-month promotion to expire. ***This seems to me to be purposely rigged to make customers pay interest, even if they are careful about making the payments on time and in sufficient amount to pay off all active promotional purchases. It's a scam - a subtle and complicated one that I am sure makes PayPal Credit a ton of money”

Source: Excerpt of CFPB Complaint No. 4789631, filed October 7, 2021

Under TILA, any payments above the minimum payment are required to be applied to the non-deferred interest balance until the last two months of the promotional period. However, under Regulation Z, 12 C.F.R. § 1026.53(b)(1)(ii), there is an option to permit consumers to direct a payment to the deferred interest payment and override the default rule. Several complaints in the CFPB database indicate that issuers regularly fail to honor consumer requests to direct payments, and instead apply payments to the non-promotional balance, even after they have given the consumer the impression that they will honor the consumer’s request.

“I had two deferred interest promotional balances expiring on XX/XX/XXXX. I made a payment on XX/XX/XXXX. The first promotional balance was in the amount of {\$190.00}. The second promotional balance was in the amount of {\$57.00}. To cover this {\$250.00} XXXX XXXX {\$320.00} on XX/XX/XXXX. The payment was accepted. On XX/XX/XXXX, having now paid these promotional balances off, I began working on paying off additional promotional balances that expire on XX/XX/XXXX. To do this, I changed the payment allocation to the balances that had later expiration dates. On XXXX XXXX I checked my statement and saw that I was hit with a {\$140.00} deferred interest fee for not paying off the two promotional balances that expired on XX/XX/XXXX. I called the Home Depot Credit Services and they said it was my fault for assuming that the balance was paid with the {\$320.00}. They said I should have known that by changing the payment allocation 5 days after paying off my promotional balance, that any payments would be automatically redirected, and that the fee should

remain. They said there was absolutely nothing they could do, but they could work out a deal if I paid off the whole balance that day over the phone. This struck me as an additional illegal practice.”

Source: Excerpt of CFPB Complaint No. 4473235, filed October 15, 2020

“I have an account with Paypal Credit. I have multiple Promotions on the account. They do not have a way to allocate your payments online so they tell you to chat or call in. I have a promo that ends XX/XX/XXXX so I wanted to pay it off so I do not have to pay any interest. I got on chat with two different people. I was told to make the payment and they would allocate it. Once I made the payment they told me that the payment would go toward next months bill and I had to pay more if I wanted to pay off my promo and not be charged any late fees. This is just not right. They do not want you to pay off the bill so they can charge you fees. Something needs to be done.”

Source: Excerpt of CFPB Complaint No. 3690371, filed June 9, 2020

“... On my XX/XX/XXXX statement I noticed that the loan amount of the no interest loan was not decreasing enough on monthly basis for the loan to be paid off in 18 months (the balance on the no interest load was decreasing each month { \$57.00 }). So for the XXXX payment I increased the amount to { \$290.00 }. When I received my statement for the following month, the amount applied to the no interest balance was still only { \$57.00 }). I called Wells Fargo to ask what I need to do to reduce the balance on a monthly basis in order to pay it off at the end of the special rate period. I was told that there was nothing that I could do, that the way they apply payments is to apply first to the balance against which interest is charged, then once that balance is paid in full the payments will be applied to the no interest portion of credit card balance. ... The no interest balance has a APR of 28.99 % and this interest is being deferred, and if I do not pay off this balance within the allotted timeframe then I will be charged the entire deferred interest charge, which will be slightly less than the original loan amount. The way Wells Fargo is applying the monthly payments makes it impossible for me to pay the no interest loan prior to special terms end date. This practice seems deceptive and predatory, especially given the fact that I made an effort to arrange to direct my payments to pay off this balance within the agreed timeframe.”

Source: Excerpt of CFPB Complaint No. 5276176, filed October 9, 2021

B. Medical credit cards

Many consumers charge medical bills to credit cards. Some consumers end up using specialized medical credit cards to pay healthcare expenses, especially for expenses generally not covered by health insurance such as dental or vision care. Appendix A discusses these medical credit cards in depth and presents the results of a survey of legal services attorneys, private attorneys, and other advocates regarding their clients’ experiences with medical credit cards. This survey had 35 respondents, 31 of whom had a client within the past year with a medical credit card. Some highlights of the results are:

- Synchrony/CareCredit was the dominant product by far; every advocate had a client with a CareCredit Card. The next most frequently mentioned product, Wells Fargo, was only mentioned by 12% of advocates.
- The most frequent setting where clients were offered a medical credit card was a dentist' offices, which almost all respondents (94%) mentioned. Other frequently mentioned settings were cosmetic surgery (26%); veterinarians (26%); hearing services (17%); vision services (17%); and primary care (14%). Less frequently mentioned settings were at a hospital (6%), physical therapy (6%), or for weight loss procedures (6%). Only one respondent each indicated that a client was offered a medical credit card in the emergency room (3%) or for fertility or reproductive health (3%).
- The survey asked what types of problems the advocates had observed their clients experiencing. The following is a chart of their responses:

Problems	Percent
Sued on medical credit card debt	68%
Not screened for or informed of financial assistance before being signed up for a medical credit card (note that nonprofit hospitals are the only healthcare providers required to provide financial assistance; the 2 clients who were offered credit cards in a hospital setting were not screening for financial assistance)	65%
Not offered a reasonable payment plan (e.g., ability to pay based on income) before being signed up for a medical credit card	65%
Staff of medical provider described terms of credit incorrectly	53%
Difficulty making payments or problems with payment plans	53%
Never received disclosures about the credit card terms when signing up	50%
Told that credit card was 0% interest but was actually deferred interest	47%
Negative information reported to credit bureau	47%
Did not understand explanation of deferred interest promotion	44%
Account not submitted to insurance before being signed up for a medical credit card	44%
Only presented information in English but client has limited English proficiency	38%
Frequent collection communications	32%
Asked to sign up for medical credit card when client had diminished capacity to consent	26%
Denied medical care unless client agreed to sign up for medical credit card	24%
Offered medical credit card even though they have Medicaid	21%

Credit score decreased because card maximum when issued was the same as the amount of the medical debt being charged	18%
Never received monthly credit card statements	9%
Credit card lender reported inaccurate information to credit bureau	9%
None of the above	6%

Please see Appendix A for further details regarding this survey, including narrative responses from advocates.

Based on this survey and analysis, we recommend that CFPB:

- Prohibit deferred interest on all credit cards, including medical credit cards, as discussed in Section A.
- Prohibit medical credit cards from placing a charge on an account or issuing funds before a medical procedure is completed or the medical product is delivered. Require medical credit card companies to instruct consumers that they have the right to cancel financing arrangements with no penalty before beginning the procedure.
- Remind credit card companies that patients are entitled to withhold payment based on claims or defenses due to problematic practices by medical providers related to medical credit cards, and that they must conduct a reasonable investigation of such disputes. Require companies to provide special outreach materials informing patients of this right. Require that companies cease working with medical providers that are engaging in abusive practices.
- Adopt the requirements of the 2013 Consent Order against CareCredit as regulations, such as requiring patients to apply directly with the credit card company for credit limits over \$1,000; requiring training of provider staff; and prohibiting providers from charging for services not yet rendered, with limited exceptions.
- Issue a joint statement with the Department of Health and Human Services condemning false, deceptive, misleading, and unfair practices by medical providers connecting patients to medical credit cards. This statement should also clarify that, when medical providers receive federal funding, they have a duty to provide meaningful language access, and that duty extends to communications with patients regarding medical credit cards.
- Issue a joint statement with the Centers for Medicaid and Medicare Services informing providers that they should not offer medical credit cards when Medicaid will cover a service, and that they must inform patients regarding the option of a Medicaid-covered service when offering or upselling an alternative procedure that is not covered by Medicaid.

- Clarify that a credit card company violates the Credit CARD Act’s ability-to-pay requirements if it does not have procedures in place to ensure that providers are not providing inflated income amounts or improperly filling out applications for patients with incorrect information.
- Where consumer complaints reference false, deceptive, misleading, or unfair practices by medical providers, forward those complaints to relevant state or federal agencies with enforcement authority. Require credit card companies to monitor health care providers for such practices and cease doing business with them if such practices are detected.
- Collaborate with the FTC to bring enforcement actions against debt collectors that are collecting or filing suit on unsubstantiated claims arising from medical financial products.
- Include research about and discussion of medical credit cards in the CFPB’s consumer credit card market reports.
- Issue reports about medical financial products, outlining potential risks for consumers, including particular risks for older Americans and consumers with limited English proficiency.

C. Online-only disclosures and statements

Question 2.c. How well are current credit card disclosure rules and practices adapted to the digital environment? What adaptations to credit card disclosure regimes in the digital environment would better serve consumers or reduce industry compliance burden?

The credit card industry has made constant, aggressive, and sometimes deceptive, efforts to move consumers from mailed paper periodic statements to online-only statements.²² As a result, the number of consumers with online-only statement has increased dramatically, from 25% in 2013²³ to 56% of cardholders in 2020.²⁴

As we have in prior comments, we again urge the CFPB to protect the right and ability of consumers who want to keep receiving paper disclosures and billing statements by mail. The CFPB should stop the use of dark patterns (including pre-checked opt outs) and deceptive practices to push consumers to opt-in to electronic statements. In addition, we urge the CFPB to require issuers to provide prominent disclosures in online-only statements informing cardholders of their right to receive paper statements. Issuers should provide an easy method to exercise this right – as easy as they make it to opt into online-only statements – and the disclosure of this right should be as prominent as any solicitations to opt into online-only statements.

Most importantly, we urge the CFPB to develop and mandate mobile-friendly versions of all TIL disclosures, including statements, when such disclosures are made on a mobile phone. Many

²² See Chi Chi Wu and Lauren Saunders, National Consumer Law Center, [Paper Statements: An Important Consumer Protection](#), at 13 (Mar. 2016),

www.nclc.org/images/pdf/banking_and_payment_systems/paper-statements-banking-protections.pdf

²³ See CFPB 2015 CARD Act Report at 134.

²⁴ CFPB 2021 CARD Act Report at 172.

low-and moderate-income consumers – indeed, many consumers generally – now primarily rely on their mobile phone to view disclosures and websites. The current disclosures for mobile phones are suboptimal. The formal legal TIL disclosures in PDF are difficult to read and understand on a mobile phone,²⁵ while the informal account history information displayed in issuer’s apps lack key information such as the mandatory language regarding the impact of making only minimum payments.

With over half of cardholders now receiving monthly statements in online-only format, and many of them only on their phones, it is well past time to mandate mobile-friendly statements. The percentage of cardholders receiving online-only receipt monthly statements will only increase as younger consumers prefer them. We urge the CFPB to undertake the difficult but necessary task of re-imagining how to deliver TIL disclosures and statements in a way that is meaningful and comprehensive on a mobile phone.

D. The Military Lending Act is working as intended; CFPB should conduct its own detailed research into the impact of the MLA

I.e. What practices of credit card issuers may uniquely affect special populations (such as servicemembers and their dependents, low- and moderate-income consumers, older Americans, and students)? What are the effects of protections specific to special populations (for example, the Servicemembers Civil Relief Act or the Military Lending Act)? How are these changing and what, if any, trends are evolving?

The Military Lending Act (MLA) and the subsequent 2015 regulations are working as intended. These regulations have curbed predatory forms of credit while not affecting access to credit for servicemembers and their families. In fact, the Department of Defense’s 2021 review of the MLA concludes as much: “To date, the Department has no indication that Service members and their families lack adequate access to necessary, responsible credit.”²⁶

However, we urge the CFPB to conduct its own detailed research into the impact of the MLA and Servicemembers Civil Relief Act’s coverage of credit cards on servicemembers, and not rely on outside research portraying such impact in a negative light. Recently, the Urban Institute issued a report on the impact of the 2015 regulations that extended the scope of the MLA to credit cards. The Urban Institute reported presented a negative view of those impacts, concluding that:

Our research ... suggest[s] that extending some of the provisions of the Military Lending Act, particularly the 36 percent APR cap on revolving credit products, would be unlikely

²⁵ See Jeff Sovern and Nahal Heydari, Not-So-Smartphone Disclosures (August 12, 2022). St. John's Legal Studies Research Paper No. 22-0010, 2022, available at SSRN: <https://ssrn.com/abstract=4188892> or <http://dx.doi.org/10.2139/ssrn.4188892> (finding that consumers understood credit card disclosures significantly less well on smartphones).

²⁶ U.S. Department of Defense. Report on the Military Lending Act and the Effects of High Interest Rates on Readiness, Response to House Report 116-442, at 7, May 2021, https://finred.usalearning.gov/assets/downloads/FINRED-MLA_ReportEffectsHighInterestRatesOnReadiness-May2021.pdf.

to improve credit and debt outcomes for the majority of borrowers. In fact, a nationwide extension of this policy might have detrimental effects on the most vulnerable consumers by limiting their access to credit in times of need.²⁷

We challenge this conclusion for the reasons below, and urge the CFPB to keep our critique in mind in any research that it conducts on the impact of the MLA.

First, the intent of the MLA open-end credit regulations was to expand the protections of the Act without impacting the legitimate credit card market.²⁸ DoD specifically wanted to exempt most credit card fees in order to preserve access to credit cards, while preventing evasions.²⁹ By omitting any explanation of the dual purposes of the MLA open-end credit regulations and stating that these regulations “failed to have a positive impact,” the Urban Institute report puts the regulations in a misleadingly negative light. The report also did not analyze how preventing evasions could be a positive impact.

Second, there is a high likelihood that the report’s findings for deep subprime borrowers are not valid in light of the small sample size, uncertainty about whether those borrowers were covered by the MLA, and the impacts of the COVID-19 pandemic during the studied period. The MLA’s 36% cap did not result in any changes in the periodic interest rates for the credit cards targeted at deep subprime borrowers, because all of those cards, to our knowledge, were already below 36%. Nor are there any studies showing that the regulation’s requirement that fees be bona fide and reasonable³⁰ has yet had an actual effect on the dollar amounts of the fees charged for subprime specialist cards, possibly due to an absence of enforcement or litigation as to whether the fees qualify as such. In the absence of data showing the effect of the MLA on the terms of subprime credit cards offered to military families, it is premature to draw conclusions. Further, the Urban Institute report failed to include any data from consumer reporting agencies (CRAs) that actually have data on high-cost, subprime lending. Credit used by deep subprime borrowers is largely unreported to the nationwide CRAs, and is instead reported to specialty CRAs such as Clarity or FactorTrust.

²⁷ Thea Garon, Breno Braga, Ashlin Oglesby-Neal, Nicholas Martire, Urban Institute, *The Effects of APR Caps and Consumer Protections on Revolving Loans*, January 24, 2023, www.urban.org/research/publication/effects-apr-caps-and-consumer-protections-revolving-loans .

²⁸ See Proposed Rule, 79 Fed. Reg. 58,602, 58,610 (Sept. 29, 2014) (“The important protections Congress intends to provide to Service members and their families under the MLA should be made relevant to a broader range of credit products without unduly impeding the availability of credit that is benign or beneficial to Service members and their families.”)

²⁹ *Id.* at 58,604 (Sept. 29, 2014) (“However, the Department also proposes to provide a broad exclusion that would allow a creditor who offers consumer credit through a credit card account to exclude from the MAPR any “bona fide” fee charged to a credit card account, as discussed more fully in this proposal. The chief consequence of the proposed exclusion from the MAPR for bona fide fees is that a creditor who, for its credit card product(s), currently charges a periodic interest rate of less than the interest-rate limit under 10 U.S.C. 987(b) coupled with one or more fees that carry reasonable costs tied to specific products or services should be able to continue to offer the same product(s) without any adjustments to those price terms.”).

³⁰ 32 C.F.R. § 232.4(d)(1).

Even to the extent that the deep subprime findings are valid, and the MLA open-end credit regulations did result in a reduction in credit cards and credit lines for such borrowers, such impact would likely not be detrimental. As the CFPB knows, the subprime specialist or “fee-harvester” credit card market involves steep costs imposed on struggling borrowers who may not have adequate capacity to repay; it also is plagued by highly deceptive practices. Fees sharply increase the price of credit and the effective APR, but the advertised APRs only disclose periodic interest. Steep fees also leave people with lower available credit than they expected. Though the 2009 Credit CARD Act made some improvements, these deep subprime fee-harvester cards continue to generate high consumer complaints.

To the extent that subprime specialist credit card issuers were concerned that their fees might not be considered “bona fide” and “reasonable” and refrained from extending this destructive and deceptive credit to the most vulnerable consumers, that was likely a positive outcome. Yet the Urban Institute report did not explain anything about this market, how the MLA open-end credit regulations might have impacted it, and whether impacts should be viewed positively or negatively.

Third, the Urban Institute report’s conclusion is not just about credit cards, but about all revolving credit. Yet the report fails to explain that the MLA open-end credit regulations are radically different for other forms of open-end credit than for credit cards.

Unlike for credit cards, the regulations do limit fees on other types of revolving credit by applying the TILA effective APR and omitting any exception for bona fide or reasonable fees. The most important reason for the MLA’s APR to cover all open-end credit is to prevent evasions outside of the credit card market. Thus, extending the MLA APR to all revolving credit products would have a beneficial impact – both on existing products, and by preventing new evasions – even if it would not have a significant impact on the credit card market.

Finally, the Urban Institute reflexively equated a reduction in access to high-cost credit with consumer harm. As we have noted before,³¹ data may point to a reduction in certain forms of credit, but that data does not justify a conclusion about consumer well-being if well-being has not been meaningfully measured.

* * *

Thank you for the opportunity to submit these comments. If you have questions about these comments, please contact Chi Chi Wu at cwu@nclc.org or 617-542-8010.

Respectfully submitted,

National Consumers Law Center
(on behalf of its low-income clients)

Consumer Federation of America

³¹ [Comments to CFPB Regarding 10-Year Regulatory Flexibility Act Review and Biannual Credit CARD Act Market Review](#) October 27, 2020.

Appendix A: Medical Credit Cards

1 Overview

This Appendix addresses medical credit cards. It begins with a brief background section then discusses the results of a survey of consumer advocates regarding their clients' experiences with medical credit cards and concludes with recommendations for the CFPB.

2 Background

2.1 Medical Debt on Credit Cards

Pre-pandemic, people in the United States owed at least \$195 billion in medical debt.¹ In 2022, the burden of that medical debt fell on 100 million people.²

In total, 41% of the U.S. population has medical debt, but that debt is not evenly distributed.³ Black (56%) and Hispanic (50%) adults are more likely than white adults (37%) to have medical debt.⁴ Women (48%) are more likely to have medical debt than men (34%) and parents with children under 18 (58%) are more likely to have medical debt than non-parents (35%).⁵ Lower income consumers, those who lack a college degree, the uninsured, and consumers in the South are also all more likely to have medical debt.⁶

Medical bills are a common source of credit card debt. In 2022, one study found that 1 in 6 adults was paying off medical debt on a credit card.⁷ A 2019 survey found that number was even higher - 1 in 3 credit cardholders - and that nearly 1 in 10 owed \$10,000 or more in medical debt on credit

¹ Matthew Rae, *et al.*, [The Burden of Medical Debt in the United States](#), Kaiser Family Foundation (Mar. 10, 2022).

² Noam N. Levey, [100 Million People in America Are Saddled With Health Care Debt](#), Kaiser Health News and National Public Radio (June 16, 2022).

³ Lunna Lopes, *et al.*, Kaiser Family Foundation, [Health Care Debt In The U.S.: The Broad Consequences Of Medical And Dental Bills](#) Fig. 2 (Jun. 16, 2022).

⁴ *Id.* See also, Berneta L. Haynes, [The Racial Health and Wealth Gap: Impact of Medical Debt on Black Families](#) (Mar. 2022).

⁵ Lunna Lopes, *et al.*, Kaiser Family Foundation, [Health Care Debt In The U.S.: The Broad Consequences Of Medical And Dental Bills](#) Fig. 2 (Jun. 16, 2022).

⁶ *Id.*

⁷ Noam N. Levey, [100 Million People in America Are Saddled With Health Care Debt](#), KHN and NPR (June 16, 2022). See also Lunna Lopes, *et al.*, Kaiser Family Foundation, [Health Care Debt In The U.S.: The Broad Consequences Of Medical And Dental Bills](#) (Jun. 16, 2022) (17 percent of survey respondents said that they had credit card debt that they are paying off over time due to medical or dental bills).

cards.⁸

Other studies have demonstrated that turning to credit cards is a common response for those struggling with medical debt. For example, in a 2022 survey, 41 percent of respondents increased credit card debt for non-medical purchases as a result of health care debt.⁹ A 2020 survey found that 42% of adults with deductibles of \$1,000 or more reported taking on credit card debt because of medical bills, compared to 29% of individuals with a deductible of less than \$1,000.¹⁰

When dealing with medical bills - including unexpected medical expenses,¹¹ high deductibles,¹² and uninsured/underinsured expenses such as dental or vision care - consumers may charge medical debts to credit cards and repay them over time.¹³ Once charged to a credit card, medical debts may linger on the consumer's credit card balance. One study found that families that finance large healthcare expenses via credit card see an immediate 34 percent spike in their credit card balance in the month following the medical expense and that credit card balances remain elevated by 8 to 10 percent for 12 months "with no sign of further decrease."¹⁴

Consumers who charge medical bills to their credit cards may end up paying amounts that should have been covered by insurance or financial assistance. Moreover, when consumers cannot pay their credit card bill in full when it next comes due, the balance of that bill will be subject to high rates of interest - an average of 19.2 percent in 2020 for general-purpose credit cards¹⁵ and even more for medical credit cards¹⁶ - and potentially additional fees and charges. As a result, paying a medical bill with a credit card over time may be significantly more expensive than other options like negotiating a payment plan with the provider.¹⁷ According to a 2022 survey, about 50 million people in the United

⁸ Jamie Cattanach, [1 in 3 Cardholders Are in Credit Card Debt Due to Medical Bills](#), LendingTree (Nov. 5, 2019).

⁹ Lunna Lopes, et al., Kaiser Family Foundation, [Health Care Debt In The U.S.: The Broad Consequences Of Medical And Dental Bills](#) (Jun. 16, 2022). See also Liz Hamel, et al., Kaiser Health News and New York Times, [The Burden of Medical Debt: Results from the Kaiser Family Foundation/New York Times Medical Bills Survey](#) (Jan. 5, 2016) (among respondents who had trouble paying medical bills in the past 12 months, 34 percent increased credit card debt to pay medical bills).

¹⁰ Sara R. Collins, et al., The Commonwealth Fund, [U.S. Health Insurance Coverage in 2020: A Looming Crisis in Affordability: Findings from the Commonwealth Fund Biennial Health Insurance Survey, 2020](#) (Aug. 19, 2020) (also reporting that 31 percent of those who reported medical bills took on credit card debt).

¹¹ Lunna Lopes, et al., Kaiser Family Foundation, [Health Care Debt In The U.S.: The Broad Consequences Of Medical And Dental Bills](#) (Jun. 16, 2022) (21% of survey respondents would put an unexpected \$500 medical bill on a credit card and pay it over time).

¹² Liz Hamel, et al., Kaiser Family Foundation, [Kaiser Family Foundation/LA Times Survey Of Adults With Employer-Sponsored Health Insurance](#) (May 2019) (27% of respondents with high deductible plans said they would put an unexpected medical bill equal to the full amount of the deductible on a credit card and pay it off over time).

¹³ Lucy Rabinowitz Bailey, et al., California Health Care Foundation, [The 2023 CHCF California Health Policy Survey](#) (Feb. 2023) (19% of California survey respondents reported having medical or dental bills on a credit card that they are paying off over time; number rises to 25% for those with incomes of less than 200 percent of the federal poverty level).

¹⁴ Fiona Greig and Erica Deadman, JPMorgan Chase Institute, [Healthcare spending through the Pandemic: the impact of high-cost medical events on household finances](#) (May 2022) (study of credit card and bank account data from 2019 to 2021).

¹⁵ Consumer Financial Protection Bureau, [The Consumer Credit Card Market](#) 48 (Sept. 2021).

¹⁶ Synchrony's CareCredit card has a purchase APR of 26.99%. Synchrony Bank, Section I: Rates and Fees Table, [CareCredit Account Agreement](#) (June 2022).

¹⁷ See, e.g., Noam Levey and Aneri Pattani, [How banks and hospitals are cashing in when patients can't pay for health care](#), Kaiser Health News and National Public Radio (Nov. 17, 2022) (noting that Lake Region Healthcare in

States are paying a medical bill over time and about a quarter of these are paying interest.¹⁸

Falling behind on a credit card payment will also impact a consumer's credit score since credit card companies typically furnish information to one or more credit bureaus.¹⁹ In contrast, Equifax, Experian, and TransUnion are eliminating unpaid medical debts of less than \$500 from credit reports in 2023 and have already removed paid medical debts and unpaid medical debts of all amounts that are less than a year old.²⁰ Additionally, VantageScore eliminated medical collection data from two of its consumer credit scoring models.²¹

As a result of these changes, past due medical debt that is charged to a credit card and reported delinquent by the credit card issuer will likely have a more negative impact on someone's credit report and credit score than medical debt furnished to a credit bureau by a provider, debt collector, or debt buyer.

2.2 How Medical Credit Cards Differ from General-Purpose Credit Cards

Medical credit cards are unlike general-purpose credit cards in a few ways. First, they can only be used for medical expenses, not to charge whatever the consumer wants as with a general-purpose credit card.²²

Consumers usually sign up for medical credit cards at their medical providers' office in a process facilitated by employees of that medical provider.²³ For example, Synchrony Financial, which issues the CareCredit medical credit card and is the largest participant in the medical patient financing industry,²⁴ reported that at the end of 2022 it had "a network of Health & Wellness providers and health-focused retailers that collectively have over 266,000 locations."²⁵ These locations range from small, independent health care providers to large pharmacies²⁶ and include 20 hospital systems.²⁷ In 2022, more than 200,000 of the participants in the network either processed an application or made a

Minnesota charges no interest or fees on repayment plans and University of Kansas Health System which "shield[s] patients from interest"); Katherine Davis, [Hospitals pitch plastic to patients facing costly treatments](#), Crain's Chicago Business (Sept. 1, 2022) (noting that Mercyhealth in Rockford, IL offers a no-interest payment plan with payments as low as \$50 per month as one patient financing option).

¹⁸ Noam Levey and Aneri Pattani, [How banks and hospitals are cashing in when patients can't pay for health care](#), Kaiser Health News and National Public Radio (Nov. 17, 2022).

¹⁹ Cf. Consumer Financial Protection Bureau, [Quarterly Consumer Credit Trends: Payment Amount Furnishing & Consumer Reporting](#) 7 (Nov. 2020) (discussing furnishing practices by credit card issuers).

²⁰ Experian, [Press Release: Equifax, Experian, and TransUnion Support U.S. Consumers With Changes to Medical Collection Debt Reporting](#) (Mar. 18, 2022).

²¹ VantageScore, [Press Release: MAJOR CREDIT SCORE NEWS: VantageScore Removes Medical Debt Collection Records From Latest Scoring Models](#) (Aug. 10, 2022).

²² See Consumer Financial Protection Bureau, [What should I know about medical credit cards and payment plans for medical bills?](#) (Feb. 2, 2023).

²³ *Id.*

²⁴ IbisWorld, Medical Patient Financing 8 (Dec. 2021) (18.4 percent of the market share).

²⁵ Synchrony Financial, Annual Report on Form 10-K for 2022 at 10.

²⁶ *Id.*

²⁷ Katherine Davis, [Hospitals pitch plastic to patients facing costly treatments](#), Crain's Chicago Business (Sept. 1, 2022).

charge to a CareCredit card.²⁸

Health care providers who steer patients to specific lenders want their bill to be paid, and it will be paid if the consumer takes out a medical credit card. However, the credit extension may not be a prudent one for the consumer who may ultimately struggle to make payments or even default.

Medical credit cards have traditionally been designed to provide financing for procedures not covered by insurance such as cosmetic or dental procedures. A 2021 report about the medical patient financing industry stated that dental care represented 59 percent of medical expenses financed, followed by “other” at 24 percent, cosmetic and dermatology care at 10 percent, vision care at 5 percent, and audiology at 2 percent.²⁹ But more recently medical credit cards have also been used to pay for out-of-pocket medical costs associated with medical care traditionally covered by insurance.³⁰ For example, Synchrony has partnered with several large health care providers, including AdventHealth, Kaiser Permanente, and the Cleveland Clinic, to offer its CareCredit product.³¹

Medical credit cards may also charge even higher interest rates than other credit cards. For example, the interest rate on a CareCredit card is 26.99 percent³² compared to an average interest rate of 19.2 percent in 2020 for general-purpose credit cards.³³

Unlike general-purpose credit cards,³⁴ medical credit cards frequently offer deceptive deferred-interest plans.³⁵ The length of the “no interest” promotional period typically ranges from 6 to 24 months based on the amount of the medical bill being financed.³⁶ Many consumers do not understand that they could be charged interest retroactively for the entire deferred-interest period if they do not pay off the balance at the end of the period.³⁷

²⁸ Synchrony Financial, Annual Report on Form 10-K for 2022 at 10.

²⁹ IbisWorld, Medical Patient Financing 16 (Dec. 2021)

³⁰ See Consumer Financial Protection Bureau, [What should I know about medical credit cards and payment plans for medical bills?](#) (Feb. 2, 2023); Katherine Davis, [Hospitals pitch plastic to patients facing costly treatments](#), Crain’s Chicago Business (Sept. 1, 2022).

³¹ NCLC, Comments regarding CARD Act Rules Review Pursuant to the Regulatory Flexibility Act; Request for Information Regarding Consumer Credit Card Market, Docket No. CFPB–2020–0027, October 27, 2020, at 15

³² Synchrony Bank, Section I: Rates and Fees Table, [CareCredit Account Agreement](#) (June 2022). See also IbisWorld, Medical Patient Financing 16 (Dec. 2021) (reporting annual percentage rates (APRs) ranging from 10% to 30% for medical credit cards).

³³ Consumer Financial Protection Bureau, [The Consumer Credit Card Market](#) 48 (Sept. 2021).

³⁴ *Id.* at 91 (deferred interest is “[a]lmost always associated with private label and retail co-brand cards”).

³⁵ See IbisWorld, Medical Patient Financing 16 (Dec. 2021) (reporting that the majority of medical patient financing industry participants offer credit cards with zero interest promotional periods).

³⁶ IbisWorld, Medical Patient Financing 16 (Dec. 2021).

³⁷ Chi Chi Wu, National Consumer Law Center, [Deceptive Bargain: The Hidden Time Bomb of Deferred Interest Credit Cards](#) (Dec. 2015).

3 Survey of Consumer Advocates about Client Experiences with Medical Credit Cards

3.1 Overview

To learn more about consumer experiences with medical credit cards, NCLC conducted a survey of consumer advocates whose clients use medical credit cards in February 2023.

Thirty-five consumer advocates responded with observations from their interactions with clients. Nearly three quarters of respondents (71%) were legal services attorneys, more than a quarter (26%) were private attorneys, and one (3%) was a healthcare advocate.

Table 1: Survey Respondent Distribution According to Type of Practice (n=35)

Type of Practice	No. of Respondents	Percent
Healthcare Advocate	1	3%
Legal Services Attorney ³⁸	25	71%
Nonprofit Consumer Credit Counselor	0	0%
Other	0	0%
Private Attorney	9	26%

Respondents worked in 15 different states and slightly more than a third of respondents were from California.

Table 2: Survey Respondent Distribution According to State of Practice (n=35)

State(s)	No. of Respondents Per State	Percent*
California	12	34%
Florida / Massachusetts	4 (x2 states)	23%
New York	3	9%
Georgia	2	6%
Connecticut, Indiana, Maryland, North Carolina, Ohio,	1 (x 10 states)	29%

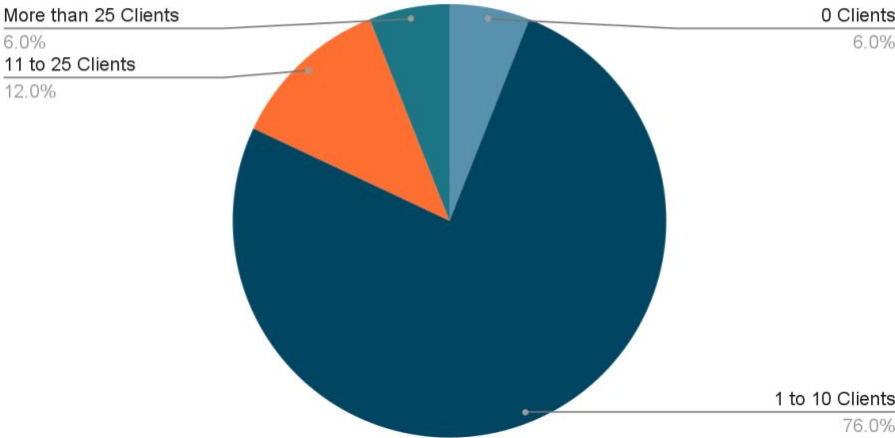
³⁸ This is abbreviated as “Legal Services Attorney,” but the question in the survey listed the option as “Legal Services / Nonprofit Attorney.”

Pennsylvania, Tennessee, Virginia, Washington, Wisconsin		
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*Totals exceed 100 due to rounding.

We asked respondents how many clients they had within the past year with a medical credit card. More than three quarters (76%) had 1-10 clients, some (12%) had 11-25 clients, a few (6%) had more than 25 clients in the past year, and a few (6%) had zero clients within the past year.

Chart 1: Number of Clients in Past Year with a Medical Credit Card (n=33)

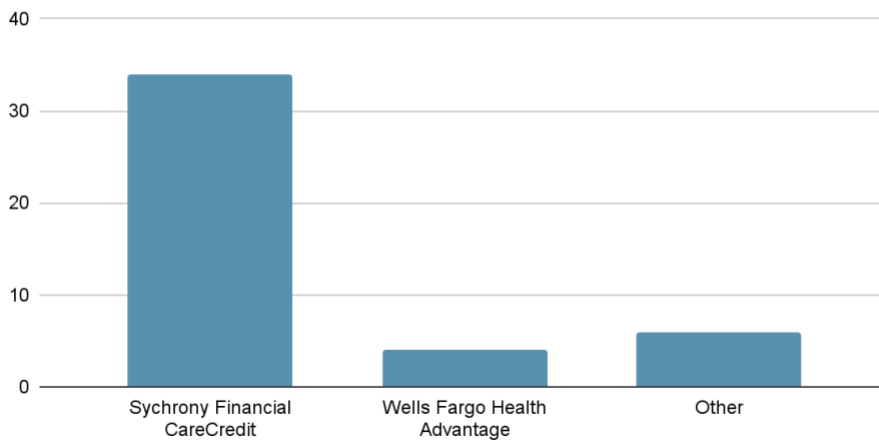


The remainder of this section summarizes the results of this survey.

3.2 Medical Credit Card Issuers

We asked survey respondents which companies issued medical credit cards to their clients. Respondents could select more than one option. Everyone (100%) indicated that their clients had CareCredit cards. Some respondents (12%) said that their clients had Wells Fargo Health Advantage cards. Additionally, five respondents wrote in the names of other companies, with the following companies each being mentioned by one respondent: Comenity Bank HealthiPlan was mentioned by a California respondent, Comenity/Alphaeon credit card by a New York respondent, Genesis Credit/Aspen Dental by a Massachusetts respondent, Scratchpay Financial by a Florida respondent, and Sunbit Dental by a different California respondent. One respondent noted that there were other companies although they did not recall the name of the company.

Chart 2: Companies that Issued Medical Credit Cards to Respondents' Clients (n=34)



A 2021 study of the medical patient financing industry noted that most companies operate regionally with the exception of Synchrony Financial, Citigroup, and Wells Fargo.³⁹ Synchrony Financial’s CareCredit acquired Citi Health Card in 2017,⁴⁰ and Citibank no longer appears to offer a medical credit card.

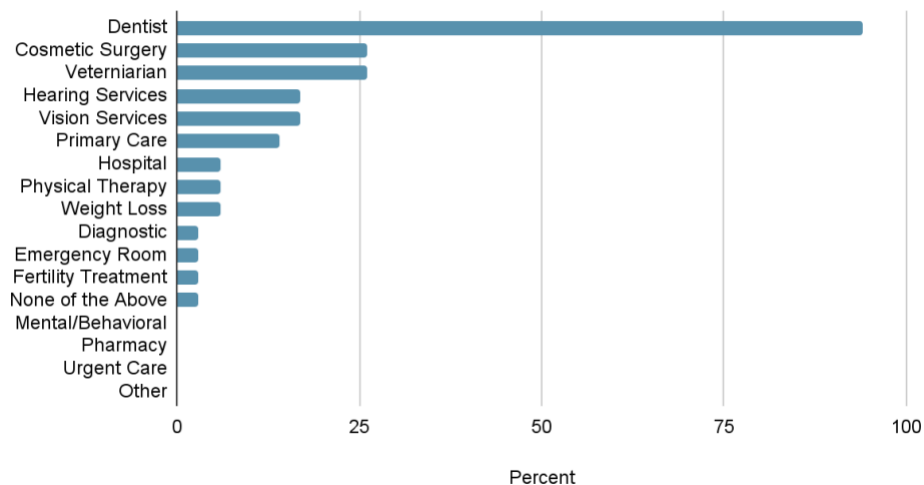
3.3 Where Have Your Clients Been Offered Medical Credit Cards

We asked respondents to indicate where their clients have been offered medical credit cards. Respondents could select more than one option. Almost all respondents (94%) identified dentists as a place where their clients are offered medical credit cards. More than a quarter selected cosmetic surgery (26%) and veterinarians (26%). Some respondents reported that clients were offered medical credit cards for hearing services (17%), vision services (17%), or primary care (14%). A couple of respondents indicated that clients were offered medical credit cards at a hospital (6%), physical therapy (6%), or for weight loss procedures (6%). One respondent each indicated that a client was offered a medical credit card in the emergency room (3%) or for fertility or reproductive health (3%). One respondent selected none of the above (3%). No respondents selected mental / behavioral health, pharmacy, urgent care, or other.

³⁹ IbisWorld, Medical Patient Financing 25 (Dec. 2021)

⁴⁰ Synchrony, [Press Release: CareCredit to Acquire Citi Health Card Portfolio](#) (Feb. 21, 2017).

Chart 3: Where Clients Were Offered Medical Credit Cards (n=35)



We invited survey respondents to provide additional details about the locations where clients have been offered medical credit cards. Thirteen of the fourteen substantive responses mentioned dentists. Some comments identified the dentist office as the primary or exclusive location where their clients are offered medical credit cards. For example:

- “Dentists are the worst offenders.”- Legal services attorney from New York.
- “I’ve only really seen the use of them for dental work but I’m seeing them more and more.” - Legal services attorney from Massachusetts.
- “The vast majority of medical credit card cases I see originate in dental offices.” - Legal services attorney from California.
- “We’ve seen Care Credit offered in dentists’ offices - that’s the most common scenario among our clients.” - Legal services attorney from Massachusetts.
- “Exclusively at dental offices . . .” - Legal Services Attorney from California.

Others commented on the types of procedures where dentists are offering medical credit cards. For example, the Legal Services Attorney from California in the last quote also explained that medical credit cards were being offered “almost exclusively for dental implants.” A legal services attorney from Washington reported that several clients were “offered medical credit cards by dentists to cover expensive procedures, i.e. root canals.”

One legal services attorney from Maryland mentioned that a particular dental practice with multiple locations in Rockville was issuing medical credit cards.

Many respondents mentioned particular problems their clients were experiencing with medical credit cards. We will discuss these comments in the next section.

3.4 Problems with Medical Credit Cards

3.4.1 Overview

We asked respondents to indicate which of 18 possible problems their clients have experienced with medical credit cards. Respondents could select more than one option.

Almost all respondents (94%) identified one or more of the listed items as problems their clients have experienced with medical credit cards. Of the two respondents (6%) that answered “none of the above,” one wrote in an additional problem that was not presented in the list provided by the survey question.

Table 3 presents a summary of the results from this question. The remainder of this section walks through these results with additional details from survey respondents or other relevant sources, combining some related topics. At the end of the section, we summarize the other issues identified by survey respondents that were not included in the list of potential problems provided by the survey.

Table 3: Types of Problems Experienced by Clients with Medical Credit Cards (n=34)

Problems	Percent
Sued on medical credit card debt	68%
Not screened for or informed of financial assistance before being signed up for a medical credit card	65%
Not offered a reasonable payment plan (e.g., ability to pay based on income) before being signed up for a medical credit card	65%
Staff of medical provider described terms of credit incorrectly	53%
Difficulty making payments or problems with payment plans	53%
Never received disclosures about the credit card terms when signing up	50%
Told that credit was 0% interest only to later be charged retroactive interest when client failed to pay off entire balance during introductory 0% interest period (e.g., “deferred interest”)	47%
Negative information reported to credit bureau	47%
Did not understand explanation of deferred interest promotion	44%
Account not submitted to insurance before being signed up for a medical credit card	44%
Only presented information in English but client has limited English proficiency	38%
Frequent collection communications	32%

Asked to sign up for medical credit card when client had diminished capacity to consent	26%
Denied medical care unless client agreed to sign up for medical credit card	24%
Offered medical credit card even though they have Medicaid	21%
Credit score decreased because card maximum when issued was the same as the amount of the medical debt being charged	18%
Never received monthly credit card statements	9%
Credit card lender reported inaccurate information to credit bureau	9%
None of the above	6%

3.4.2 Lawsuits and Collection Communications

More than two-thirds of respondents (68%) reported that their clients had been sued on medical credit card debt. This is unsurprising given that issuers of medical credit cards like Synchrony Financial and Wells Fargo are active litigants in state courts around the country - although available data does not distinguish between lawsuits on medical credit cards and other financial products.⁴¹

In addition to collection by medical credit card issuer, legal services attorneys from California, Massachusetts, and North Carolina and a private attorney from Ohio all mentioned medical credit card debts being sold to debt buyers. Both the legal services attorney from North Carolina and the private attorney from Ohio reported that they had a client sued by a debt buyer to collect a medical credit card debt. The legal services attorney from North Carolina reported that the “[c]lient thought she had paid off the debt and was surprised when debt buyer obtained default judgment against her.”

In addition to collection lawsuits, nearly a third of survey respondents (32%) mentioned frequent collection communications as a problem experienced by their clients with medical credit cards.

⁴¹ See, e.g., National Consumer Law Center, [Pandemic Lawsuits in California: Credit Card Issuers and Debt Buyers Top Litigants in 2021](#) (July 2022) (Synchrony Bank filed 6,798 lawsuits in 16 California counties in 2021); Daniel Wilf-Townsend, [Assembly-Line Plaintiffs](#), 135 Harvard L. Rev. 1704, 1732 (May 2022) (Synchrony Bank was the seventh most common filer of collection lawsuits in 2019 civil lawsuits in sample states with 26,510 total cases filed; also listing Wells Fargo although not providing data about total lawsuits); Reinvestment Fund, [Debt Collection in Philadelphia](#) 6 (Mar. 2021) (listing Synchrony Bank as one of the 10 largest filers in Philadelphia debt collection cases); Julia Barnard, et al, [Suing-to-Intimidate: New Evidence Confirms that Oportun Abuses and Intimidates Families in Court to Collect Small-Dollar Loan Debts in California Courts](#) (Center for Responsible Lending, Mar. 2021) at Appx. A (showing Wells Fargo among the top filers of debt collection lawsuits in Los Angeles County Superior Courts from 2018–2020).

3.4.3 Signed Up for Medical Credit Card Despite Having Insurance

More than two-fifths of respondents (44%) reported that clients' accounts were not submitted to insurance before being signed up for a medical credit card.

A legal services provider from California explained: "Unscrupulous providers often sign people up for private financing even when they should be covered by insurance." The respondent further noted: "By getting paid directly from the finance company, providers avoid insurer scrutiny of costs and billing practices." Another legal services attorney from California noted that services that "should have been paid by Denti-Cal" was a reason that consumers dispute credit charges (see full quote in the previous section).

Some respondents (21%) had clients who were offered medical credit cards even though they have Medicaid. One legal services attorney from Massachusetts described clients signing up for medical credit cards after incorrectly being told that services were not covered by Medicaid:

"[W]e've certainly seen people who sign up for Care Credit after their provider tells them their insurance, including Medicaid, wouldn't cover the services they need. Unfortunately, this information isn't always true and Medicaid members have paid for services on medical credit cards that Medicaid would have paid had the provider submitted a prior authorization request and/or claim."

Two legal services attorneys from California described clients being provided with medical credit cards after being "upsold" or "steered" into procedures not covered by Medicaid:

- "Many are Medi-Cal recipients who were upsold services by their Medi-Cal accepting dentists, who told them that they need implants (not covered by Denti-Cal) or porcelain crowns (not covered by Denti-Cal)."
- "These products should not be facilitated through providers. These products perversely incentivize providers to burden patients with unaffordable debts and to steer them away from procedures covered by their insurance. Providers receive payment immediately through the finance company, without carrying any risk of borrower default."

3.4.4 No Information About Financial Assistance

Federal law requires nonprofit hospitals to establish policies for offering patients financial assistance, such as free or discounted medical services for eligible patients.⁴² Additionally, many states have financial assistance requirements that exceed these federal requirements.⁴³

⁴² 26 C.F.R. § 1.501(r). *See also* National Consumer Law Center, Collection Actions § 9.3.1.3 (5th ed. 2020) (discussing financial assistance policy requirements).

⁴³ Andrea Bopp Stark and Jenifer Bosco, [An Ounce of Prevention: A Review of Hospital Financial Assistance Policies in the States](#) (Nov. 2021).

As discussed in Section 3.3, *supra*, almost all survey respondents reported that their clients were being offered medical credit cards by dentists (94%), with cosmetic surgery (26%) and veterinarians (26%) tied for second while hearing services (17%) and vision services (17%) tied for third. These medical services are frequently offered outside of the hospital context and thus would fall outside of federal or state requirements to provide financial assistance.

Although nearly two-thirds (65%) of respondents indicated that their clients were not screened for or informed of financial assistance before being signed up for a medical credit card, it is not clear that their clients were offered medical credit cards in facilities that were legally required to provide financial assistance.

Of the two respondents that indicated that their clients were being offered medical credit cards at hospitals (one of the two also indicated that clients were being offered medical credit cards in emergency rooms), both reported that their clients were not screened for or informed of financial assistance before being signed up for a medical credit card.

Where medical providers are required by federal or state law to provide financial assistance or have voluntary financial assistance policies, converting an alleged medical debt to a medical credit card debt can cause the consumer to lose the opportunity to apply for financial assistance. As a legal services attorney from Washington explained:

“[A] client fully eligible for charity care was pressured to apply for and instantly max out multiple credit cards . . . The medical debt . . . has now been converted to high interest credit card debt that is not [eligible for charity care] even though the cards were exclusively used to pay medical bill that would have been 100% forgiven through charity care. Effectively, this client lost his statutory charity care rights by charging his bills to credit.”

3.4.5 No Alternatives to Medical Credit Card

Nearly two-thirds (65%) of survey respondents indicated that their clients were not offered a reasonable payment plan (*e.g.*, ability to pay based on income) before being signed up for a medical credit card. Nearly a quarter (24%) said that their clients would have been denied medical care had their clients not signed up for medical credit cards.

Several respondents described emergency medical needs and a lack (or perceived lack) of viable alternative financial arrangements resulting in their clients’ medical credit card debt:

- “Client not aware of less expensive credit products, and due to their immediate pain and need . . . for dental care they felt unable to turn down any offer that got them immediately relief from the pain . . .” - Legal services attorney from Washington
- “Frequently, client will be in a very traumatized state and given no option but to apply for credit to receive care for themselves or a loved one . . .” - Private attorney from Florida.

- “Often are provided when our client goes to dentist with emergency dental needs and can’t afford treatment.” - Legal services attorney from Massachusetts.

A legal services attorney from Virginia described difficult choices as the result of required up front payments:

“My clients find that their veterinarian's offices often have no "bill me later" option. Especially for a very lonely older adult, their pet is a lifeline . . . It is heartbreaking to see lonely people have to choose between debt and euthanizing a wanted pet who has modest medical needs.”

3.4.6 Staff of Medical Provider Described Terms of Credit Incorrectly

More than half of survey respondents (53%) report that the staff of medical providers described the terms of credit incorrectly.

A legal services attorney from California reported that providers were incorrectly describing the financial arrangement:

“Seniors were being told that the financing agreement was a repayment agreement with the dental office. They did not understand that it was an extension of credit.”

Three other legal services attorneys from California also reported that clients did not understand that the financing was with a third-party credit card company.

Another legal services attorney from California described a scenario where the client was charged for a procedure before receiving it and incorrectly told by the provider that she would still have to pay for the procedure even if she decided not to go ahead with it:

“During her first visit, she was signed up for care credit and was approved. She was scheduled for the procedure at a later date. Prior to the procedure date, she advised the provider that she changed her mind . . . She was informed that the provider had already been paid and she would have to pay for the procedure whether or not it was performed.”

3.4.7 Difficulty making payments or problems with payment plans

More than half of respondents (53%) reported that their clients had difficulty making payments or problems with payment plans.

Many respondents described the clients who struggled to pay medical credit card bills and the financial consequences for these consumers when they defaulted on their payments. For example, a legal services attorney from California described how many clients “ended up with ruined credit when they miss a payment.” A legal services attorney from Washington described a client who anticipated being sued now that he had defaulted on high interest credit cards and others, as discussed in Section 3.4.2, *supra*, shared experiences with collection lawsuits.

3.4.8 Never Received Disclosures

Half of the survey respondents (50%) reported that their clients never received disclosures about the credit card terms when signing up.⁴⁴ A few respondents (9%) reported that their clients never received monthly credit card statements.

A legal services attorney from California reported that, “[n]one of the patients received the legally required notice of credit.” The same attorney also reported that:

“Many patients did not receive credit card terms and disclosures. They were told to simply sign off electronically and were not given a copy of their application.”

Another legal services attorney from California explained that consumers “are signed up for credit at the provider's office, usually without understanding key terms of the agreement . . .”

A third California legal services attorney reported that “[m]onthly payments are not disclosed up front,” and a private attorney from Florida reported that “terms are usually never discussed.”

3.4.9 Problems with Deferred Interest

In December 2013, the CFPB brought an enforcement action against GE Capital Retail Bank (now known as Synchrony Bank) over one of its deferred interest credit cards, the CareCredit card, which is specifically promoted for health care expenses.⁴⁵ The CFPB alleged that some providers who offered the cards had misled patients by not clearly explaining the terms of the deferred interest program when the patients signed up and by not giving patients the legally required credit card disclosures. Furthermore, the CFPB alleged that it was GE Capital’s lack of oversight and monitoring which allowed this deception.⁴⁶

GE Capital settled the case by agreeing to provide enhanced disclosures to consumers and to implement a training program for healthcare providers who offer the CareCredit Card.⁴⁷ The bank agreed to pay up to \$34.1 million in restitution to injured consumers.⁴⁸ However, the CFPB consent order against CareCredit was terminated in September 2021.⁴⁹

Despite this prior enforcement action, several survey respondents reported that clients experienced problems as the result of deferred interest on a medical credit card. Slightly less than half of respondents (47%) reported that their clients were told that credit was 0% interest only to later be charged retroactive

⁴⁴ See also [Consent Order](#), *In re* GE Capital Retail Bank, CareCredit L.L.C., File No. 2013-CFPB-0009 5-6 (C.F.P.B. Dec. 10, 2013).

⁴⁵ *Id.*

⁴⁶ *Id.*

⁴⁷ *Id.*

⁴⁸ *Id.* at 7.

⁴⁹ [Order Terminating the Consent Order](#), *In re* GE Capital Retail Bank, CareCredit L.L.C., File No. 2013-CFPB-0009 5-6 (C.F.P.B. Sept. 3, 2021).

interest when the client failed to pay off the entire balance during the introductory 0% interest period (e.g., “deferred interest”). Similarly, 44% of respondents reported that their clients did not understand the explanation of the deferred interest promotion.

A legal services attorney from Massachusetts explained:

“The advertising is quite misleading. People are enticed into thinking they're getting a good deal by these predatory products.”

3.4.10 Credit Reporting Problems

Respondents reported clients experiencing a variety of credit reporting problems as a result of medical credit cards. Nearly half of survey respondents (47%) reported that negative information was reported to the credit bureau about their client’s medical credit card. Some respondents (18%) saw clients’ credit scores decrease because the card maximum when issued was the same as the amount of the medical debt being charged to the medical credit card. A few respondents (9%) observed that medical credit card lenders reported inaccurate information to credit bureaus.

A legal services attorney from California summed up various issues related to credit reporting as follows:

“Medical credit cards are inherently unfair to consumers. It forces the consumer to choose between receiving care and putting their credit at risk . . . many of them ended up with ruined credit when they miss a payment. Worse, whenever they dispute the credit charges, the financial institution takes the provider's words at face value and rubber stamps the denial. Patients who challenge the decision (because they didn't get the agreed upon services, or they found out later that the service was shoddy, or should have been paid by Denti-Cal) ended up having to pay the interest rate and late fees anyways.”

3.4.11 Consumers with Limited English Proficiency

Health care providers participating in the federal Children’s Health Insurance Program (CHIP) or Medicaid programs qualify as recipients of federal financial assistance from the Department of Health and Human Services.⁵⁰ As such, they have obligations to provide services to patients with limited English proficiency.⁵¹ Separately, medical providers such as “hospitals that accept Medicare or doctors who receive Medicaid payments” have obligations to provide services to patients with limited English proficiency pursuant to Section 1557 of the Affordable Care Act of 2010.⁵²

⁵⁰ Dept. of Health and Human Services, [“What qualifies as ‘Federal financial assistance’ for purposes of civil rights complaints handled by OCR?”](#) (Nov. 19, 2015).

⁵¹ Dept. of Health and Human Services, [Guidance to Federal Financial Assistance Recipients Regarding Title VI Prohibition Against National Origin Discrimination Affecting Limited English Proficient Persons](#) (July 26, 2013). See also Dept. of Justice, [Executive Order 13166](#) (Updated Nov. 21, 2022).

⁵² Dept. of Health and Human Services, [Section 1557: Ensuring Meaningful Access for Individuals with Limited English Proficiency](#).

More than a third of survey respondents (38%) reported that they had clients with limited English proficiency that only received information about the medical credit card in English. However, it is not clear which responses involved medical providers with legal obligations to provide services to patients with limited English proficiency.

A healthcare advocate from Pennsylvania described particular concerns for consumers with limited English proficiency:

“Based on our experiences working with low-income populations and populations with limited English proficiency, we suspect that many families across PA are susceptible to the predatory practices employed by medical credit cards. We already see numerous cases where they are never informed of financial assistance, and if they are, they are only told to sign papers and wait. It would not be a surprise if they are being signed up for medical credit cards under the guise of a payment plan.”

The California legal services attorney that described consumers being upsold to products not covered by Medi-Cal in the previous section explained that the dentists engaging in this practice, “are often mom and pop shops located in immigrant communities and serve Spanish-speaking populations.”

A Massachusetts legal services attorney noted that, “[w]e see [medical credit cards] fairly frequently from dentists in low income areas of East Boston mostly immigrant patients with emergency dental needs.”

3.4.12 Diminished Capacity to Consent

More than a quarter of respondents (26%) reported that clients were asked to sign up for medical credit cards when the client had diminished capacity to consent.

“When we have had clients offered medical credit cards at the dentist, we often hear that it is while they are in the dentist's chair, so often are not focused on terms and conditions,” one legal services attorney from California explained. Another legal services attorney from California described a consumer who was “given documents to sign while in the dentists chair.”

A healthcare advocate from Pennsylvania speaking about medical bills charged to credit cards explained that:

“One concern we have is that these predatory practices may be offered without consumers fully understanding what they may be signing up for- especially in the emergency room during crisis, and dental offices.”

3.4.13 Other

At various points in the survey, respondents referenced other types of problems with medical credit cards. We summarize these additional problems here.

First, a private attorney from Connecticut and a legal services attorney from Washington both mentioned high interest rates associated with medical credit cards as a problem. This issue is discussed, *supra*, at Section 2.2.1.

Next, multiple survey respondents described consumers with medical credit card bills for medical procedures that the consumer did not ultimately receive.

- “[M]any people also report not getting the procedures (or things like dentures) which they were charged for.” - Legal services attorney from Massachusetts.
- “Being charged for services they didn't even get in the dental context.” - Legal services attorney from Massachusetts
- “[N]ever took 1 of 2 dentures, yet full amount for both dentures was charged by doctor and put on card; took many attempts, phone/letters, in person follow-up to get that corrected” - Legal services attorney from Indiana
- “Specifically regarding dental work, the entire cost of the procedure was charged when the card opened. A couple of clients never did have the procedure and ended up getting sued on the balance when the fee was never earned by the dentist.” - Private attorney from Florida.
- “She does not ever receive dental implants but never received her deposit back and the lender continues to demand full balance of loan. After reviewing docs, we see that money was paid directly to the provider.” - Legal services attorney from California.

Finally, several survey respondents mentioned problems related to financial applications being filled out by the medical provider - including falsification of income to qualify consumers for a larger extension of credit. If this is a pattern by some providers, a credit card company's failure to address it could implicate the requirement to determine ability-to-pay under the Credit CARD Act.⁵³

- “[M]any times clients financial or personal information is filled in by the drs office or store the credit will pay and clients real financial information is falsified without the client knowing. This is done to obtain a higher limit so more can be charged for the providers benefit. Often times the provider of care gives the application to multiple lenders without advising or obtaining consent from the consumer. A few times more than one account is opened . . .” - Private attorney from Florida.
- “Clients being signed up for the credit card by dental office staff requesting credit on patient's behalf.” - Legal services attorney from California.
- “Two patients told their dentists that they had no income. The dentists still issued credit cards for several thousand dollars. One patient later discovered the dental office falsely entered the income

⁵³ 15 U.S.C. §1665e.

section of the application and she reported this fraud to Wells Fargo. Another patient suspected but did not have proof the dental office made up information about her income . . . One patient was on SSI only. His provider told him to get his brother to cosign because his credit was too poor to qualify for medical credit card. His brother cosigned and ended up being responsible for the debt.” - Legal services attorney from California.

- “No consideration is given to ability to pay -- client with only income of \$600ish in welfare payments got monthly payments of \$350.” - Legal services attorney from California.

3.5 Other Medical Financing Products

In addition to medical credit cards, news reports have highlighted medical loans, buy now pay later products, and other medical financial products.⁵⁴ We asked survey respondents if they are seeing clients using any of these additional products.

Several respondents replied that they are not seeing these alternative medical financial products yet. A legal services attorney from Massachusetts replied that he sees consumers pay with general-purpose credit cards, “often at their providers' urging despite having insurance that would pay.” A legal services attorney from Virginia explained that clients at times say that other medical financial products are available but that sometimes these are medical credit cards and the client did not understand.

Three respondents provided comments related to alternative medical financial products:

- “We have seen numerous instances of hospitals using a Care Payment program: <https://www.carepayment.com/patient-faq/> which is marketed as less harmful as an outright medical credit card (no interest fees or impact to credit scores), but nonetheless poses problems for consumers, who have been signed up without consent and result in billing from unknown providers and can create complications for disputing bills. It is also unclear how their financial aid screening, if any, occurs.” - Health advocate from Pennsylvania.
- “We haven't seen buy now pay later, but we have seen large dental conglomerates like Western Dental who offers in-house financing instead of using Care Credit. They are just as aggressive when it comes to upselling and collections efforts.” - Legal services attorney from California.
- “One of our cases: A 70+ year old senior . . . is targeted by a Facebook advertisement for a bogus "Smile Grant" program (<https://smilegrantprogram.com/apply-for-grants>). She has been looking

⁵⁴ See, e.g., Katie Palmer, [Get care now, pay later?: Health care sees a surge in financing platforms for patients](#), Stat (Jan. 3, 2023); Noam Levey and Aneri Pattani, [How banks and hospitals are cashing in when patients can't pay for health care](#), Kaiser Health News and National Public Radio (Nov. 17, 2022); Andrew Mendez, [Healthcare financier Scratchpay secures \\$35M Series C](#), TechCrunch (Sept. 20, 2022); Ryan Hogg, [A startup that operates a buy-now, pay-later model for healthcare bills is hoping to drive the uptake of psychological care](#), Business Insider (May 15, 2022); Janice Bitters Turi, [Medical Fintech Startup PayZen Raises \\$15M To Grow 'Care Now, Pay Later' Model](#), Crunchbase News (Nov. 17, 2021); Deb Gordon, [Struggling to Pay Medical Bills? New Financing Program Aims to Help](#) (Jul. 27, 2021).

for dentures that fit her. She clicks on the targeted ad and is directly contacted soon after by a local dentist office. She goes in for "free consultation" and is given documents to sign while in the dentist's chair . . . She is scheduled for two additional appointments, during which she is pressured to pay a deposit of \$2,000. She then receives a notice in the mail from Proceed Finance, which says that she has taken out a loan for \$20,000. The promised "grant" appears to just be an illusory discount after an upsell for the procedure.” - Legal services attorney from California

In addition to these comments, note that some of the companies listed as “other” medical credit card providers in Section 3.2, *supra*, such as Scratchpay Financial, may be providing other types of medical financial products either in addition to or instead of medical credit cards.

4 Recommendations for CFPB Action on Medical Credit Cards

In addition to NCLC’s previous recommendations regarding actions the CFPB should take to protect consumers with medical debt,⁵⁵ the CFPB should take the following actions specific to medical credit cards. Some of these actions are based on the fact that health care providers and their staff act in the capacity of third-party service providers for a card-issuing bank when they solicit consumers to apply for the bank’s products:⁵⁶

- Prohibit deferred interest on all credit cards, including medical credit cards, using the CFPB’s authority under the Credit CARD Act. The CFPB has clear legal authority to ban deferred interest given its broad grant of rulemaking authority under the Act, including the authority to interpret the provisions on double-cycle billing and limitations on retroactive interest rate increases.
- Prohibit medical credit cards from placing a charge on an account or issuing funds before a medical procedure is completed or the medical product is delivered. Require medical credit card companies to instruct consumers that they have the right to cancel financing arrangements with no penalty before beginning the procedure.
- Remind credit card companies that patients are entitled to withhold payment based on claims or defenses due to problematic practices by medical providers related to medical credit cards, and that they must conduct a reasonable investigation of such disputes. Require companies to provide special outreach materials informing patients of this right. Require that companies cease working with medical providers that are engaging in abusive practices.
- Adopt the requirements of the 2013 Consent Order against CareCredit as regulations, such as requiring patients to apply directly with the credit card company for credit limits over \$1,000; requiring training of provider staff; and prohibiting providers from charging for services not yet rendered, with limited exceptions.

⁵⁵ [Petition for Rulemaking - NCLC et al. - Ban Medical Debts from Credit Reports](#) (Sept. 30, 2022); [Letter from Jenifer Bosco, et al. National Consumer Law Center, to Director Rohit Chopra, Consumer Financial Protection Bureau](#) (Mar. 22, 2022).

⁵⁶ See CFPB, Compliance Bulletin and Policy Guidance; 2016-02, [Service Providers](#) (Oct. 31, 2016) (“[CFPB] expects supervised banks and nonbanks to oversee their business relationships with service providers in a manner that ensures compliance with Federal consumer financial law”).

- Issue a joint statement with the Department of Health and Human Services condemning false, deceptive, misleading, and unfair practices by medical providers connecting patients to medical credit cards. This statement should also clarify that, when medical providers receiving federal funding, they have a duty to provide meaningful language access, and that duty extends to communications with patients regarding medical credit cards.
- Issue a joint statement with the Centers for Medicaid and Medicare Services informing providers that they should not offer medical credit cards when Medicaid will cover a service, and that they must inform patients regarding the option of a Medicaid-covered service when offering or upselling an alternative procedure that is not covered by Medicaid.
- Clarify that a credit card company violates the Credit CARD Act's ability-to-pay requirements if it does not have procedures in place to ensure that providers are not providing inflated income amounts or improperly filling out applications for patients with incorrect information.
- Where consumer complaints reference false, deceptive, misleading, or unfair practices by medical providers, forward those complaints to relevant state or federal agencies with enforcement authority. Require credit card companies to monitor providers for such practices and cease doing business with them if such practices are detected.
- Collaborate with the FTC to bring enforcement actions against debt collectors that are collecting or filing suit on unsubstantiated claims arising from medical financial products.
- Include research about and discussion of medical credit cards in the CFPB's consumer credit card market reports.
- Issue reports about medical financial products, outlining potential risks for consumers, including particular risks for older Americans and consumers with limited English proficiency.

Appendix B: CFPB Consumer Complaint Narratives Involving Deferred Interest

I. Complaints about Unexpected Deferred Interest

a. Complaint ID: 3179625

Date Complaint Received: 3/14/2019

I am a Care Credit cardholder. The enrollment was made for XXXX expenses of {\$2000.00} under my husband 's name because I did not have credit history on that moment. After my school loan, Care Credit is my first experience of credit card. Unfortunately, I did not know enough about credit cards. During the enrollment process I was talking on a phone with Care Credit representative who did not educate me and did not provide clear information about loan interest on top of that they were misleading about how fees work. And I was only provided with an agreement and Care Credit booklet by the XXXX office and received nothing from Care Credit. Everything that the representative said to me sounded as If I fail to pay the debt in full by the end of promotional period, i must pay accrued interest on the remaining balance. I made my first payment in XX/XX/2017 and continue to pay till now. Since i do not have enough experience with credit cards, I had no clue that all this time I paid just interest for {\$1400.00} and owe {\$2000.00} because of my late fee and interest. Care Credit online payment page looks confusing, it does not say any word such as fee or interest. Instead of it the page shows minimum pay due then make payment and view payments ... also i can't see my whole history of payments, only last 12 months another problem that I had with Care Credit, I could not reach representative on a phone to explain this situation to me I reached only recorded voice with the options to press buttons which sent me to recorded voice all over again and only yesterday my coworker gave me an idea to press 0 and I finally spoke with representative and was told how much I owe. The options I was given stressed me out more. I owe {\$2000.00} and all period of time i payed interest and late fees, and if I continue pay minimum amount as it is shown on the web page, it never ends...

SECONDARY ISSUE: Problems caused by electronic delivery of billing statements

b. Complaint ID: 3549479

Date Complaint Received: 2/29/2020

Issue : Deceptive, misrepresentation of terms of finance by CareCredit/Synchrony Banks acting agent at the time : XXXX XXXX XXXX XXXX, XXXX XXXX. Sub-Issue : I neither received by postal mail an explanation of credit card terms of finance nor any communication by telephone of credit card terms of finance from CareCredit/Synchrony Bank. Sub-Issue : CareCredit/Synchrony Bank never enrolled me directly although the transaction amount was greater than {\$1000.00}. I am disputing the {\$750.00} of interest added to principal balance. The problem is that upon the date of XXXX service and enrollment in CareCredit/Synchrony Bank (XXXX), the XXXX office claimed that the costs of the procedure could be financed by CareCredit at 0 % annual interest along with a monthly principal payment that would pay off the balance in a couple of years. I wholly relied on the XXXX office representatives oral explanation and, thereafter, monthly payments were auto-drafted from checking. However, at the end of XXXX, I looked further to discover that the promised 0 % annual interest is really 26.99 % APR,

the terms are really interest-deferred for 18 months, at which time, the accumulated deferred interest of {\$750.00} from month one through month 18 is applied to the remaining principal balance. On XXXX, I called CareCredit/Synchrony Bank requesting records. The representative emailed back a copy of the Credit Card Agreement (see attachment : CareCreditSynchrony Terms XXXX). Please note that the copy of the Credit Card Agreement provided is dated XX/XX/XXXX (see page 1, top right corner, 3rd line) which is about 20 months after the fact (XXXX). On XXXX, I paid off the entire balance of {\$1600.00} (see attachment : CareCredit scheduled payoff XXXX). I wish my XXXX office would have never tried to sell me on financing my procedure in the first place. I never asked for financial assistance and would have never agreed to a deferred interest product especially since my credit score is over 720. I only took the offer because I wanted to build my credit history for when I buy a home.

c. Complaint ID: 6401454

Date Complaint Received: 1/5/2023

There is a medical charge card, Care Credit, there is no selection for this type of card provided. I opened this account back in XXXX at my doctor 's office through their receptionist. The terms that the woman described when I opened the account and the actual terms were completely different ; as she opened my account on the computer at the reception desk with only my name, ss # and birth date. The receptionist at the doctor 's office mentioned there was a promotional interest rate with all new purchases and/or medical procedures done on the card, so I decided to apply and use it. No one ever showed to me or told me that if I didn't pay off the full balance before the end of the deferred interest rate period, that my percentage rate would go up an exorbitant rate ; this is criminal and should not be allowed. Case in point : my balance went up by {\$2600.00} on XX/XX/XXXX, and I never even purchased that amount of charges in XXXX ; that was just interest from previous charges on a deferred interest rate, so they said. I called the Care Credit XXXX owned by Symphony Bank) and they said these are valid interest charges they adding to my balance since I did not pay the entire balance before the special interest charge deferment period ended. Therefore, they added {\$2600.00} to my TOTAL BALANCE on XX/XX/XXXX saying that is what I owe now ; which has made my minimum payment double and I am currently on unemployment since I lost my job in XXXX. THIS IS DECEPTIVE and wrong! I never agreed to this!! This terminology used by the doctor 's office is misleading, and when the receptionist opened my account, this stipulation on the interest free period was NEVER given to me or relayed to me ; therefore, I had no idea about this until I received this huge bill all of a sudden from Care Credit. I feel that Care Credit purposely does this so they can get people to charge services at medical facilities without the suspecting customer knowing the deceptive, tricky, underhanded way Care Credit deceives their customers into thinking this is a viable way to pay for any medical services not covered under medical insurance. I have read online that Care Credit has a habit of doing this in the past and was fined for it ; it seems that they have not changed at all and still performing these deceptive business practices because the fines are negligible and the US Govt. doesn't seem to want to stop them. No company should be able to trick and deceive their consumers, especially when there is medical procedures and practices involved with the credit.

d. Complaint ID: 4989945

Date Complaint Received: 12/8/2021

Around 2 years ago XX/XX/2019 I applied for the Care Credit card for dental work needed. I was under the impression that it was interest free for 2 years according to the promotion. I typically get paper bills but never received one and emails from Care Credit were all promotional ads, I set up a monthly payment notice with XXXX XXXX XXXX and paid the minimum due to loss of employment due to Covid19. I felt as if the 2 year period was up and called Care Credit to check my outstanding balance to find I have been charged over {\$1300.00} in interest fees which is XXXX of the cost of the original dental work. I took a loan from another credit source to pay Care Credit in full {\$3000.00}

e. Complaint ID: 6041426

Date Complaint Received: 10/2/2022

I opened a care credit card at my vets office without being told by an actual care credit representative on how care credit interest charges work, or how the care credit card itself works. Care credit is not supposed to approve applications when done through the vet offices, but they did. So I opened this card and was only told by the vets office that if purchases were paid off within 6 months, there would be no interest charges. But I was never told that care credit will charge you HUGE amounts in interest and that each payment you make, will NOT go toward the oldest charge and promotional offer that expire first, and to do that, you have to call care credit and make payments over the phone every month and verbally state or specify which charge and promotional offer to apply your payment toward. I was never told this by anyone when opening my account. That is extremely deceitful and bad business. So whenever I made payments, care credit did not apply it to the oldest promotional offer, like they should have. I never received any information on how care credit interest works, when first opening my account at the vets, nor did I ever speak to a care credit representative at all when opening my account. They charged me {\$790.00} of interest in XXXX of 2022 alone, due to expiring promotions. I was charged other large amounts of interest like that in other months because of expiring promotions again, racking up my bill and making it impossible to catch up or pay off. I never missed a payment and always paid more than the minimum. I called in XXXX of 2022 to talk with the company and even a manager and tell them I had no idea this was how they worked and that it was crazy to charge people these large amounts of interest and I asked them to please reverse at least some of these insane interest charges so I could catch up and pay off this card and they refused to work with me. Anytime I told them how I was not informed on how their credit card or interest worked, they ignored me and kept saying they could not help me.

SECONDARY ISSUE: Complaints about Improper or Damaging Payment Allocation

f. Complaint ID: 4004064

Date Complaint Received: 12/10/2020

My total Care Credit loan was for XXXX My promotional period was no interest for 18 months I paid more than than my monthly due to pay the loan off well my remaining balance was XXXX I recieve a bill for XXXX they charged me 26.99 % for the entire loan amount not the remaining balance!!

g. Complaint ID: 6601658

Date Complaint Received: 2/23/2023

I have a CareCredit card and I noticed that on XX/XX/XXXX I was charged {\$2700.00} in interest fees. I had a promotion for 18 months interest free which started in XX/XX/XXXX. The amount was for XXXX. I called CareCredit and was told because I had not paid the total amount by the end of the 18 months that was my interest for that purchase. The interest is half of the principle!!! I was told my APR rate was XXXX. How is {\$5200.00} at XXXX APR come out to {\$2700.00} in interest??? IS THE XXXX HIGHER IF THE PRINCIPLE IS NOT COMPLETELY PAID??? I had another purchase previously to this last one and I got charged in XX/XX/XXXX {\$2600.00} in interest fees. I did not get the principle amount due to being put on hold several times. I noticed on the statement that I have another promotion that is coming up in XX/XX/XXXX. I will never finish paying. I try to pay more than the minimum amount and have not missed any payments. This practice that Synchrony has is deceptive. I need help.

h. Complaint ID: 5209562

Date Complaint Received: 2/10/2022

I was made by XXXX XXXX XXXX to open a Care Credit account to pay for extensive dental work when they said they wouldn't take my XXXX XXXX XXXX XXXX anymore. I did so the day of a mouthful of extractions in prep for dentures. I was told you had XXXX months of no interest. I was anesthetized heavily and after surgery so I did what I was told to do to put {\$1300.00} on care credit on XX/XX/XXXX, I paid {\$1000.00}, and used XXXX on balance. Eventually I needed an alveoplasty and XXXX implants for an implant supported bottom denture, so approx. another \$ XXXX was put on the charge. Been paying \$ XXXX month for the last XXXX months. Left {\$1100.00} left at the XXXX date, XXXX days ago, when Synchrony Bank added {\$700.00} interest charge to the acct stating I didn't pay it off in XXXX months. First, I was never told I would have to pay it off in order to avoid a {\$700.00} interest charge on an {\$1100.00} balance. I spoke with an account manager yesterday and she said all they could do was take the interest off if I paid the {\$1100.00} balance by XX/XX/XXXX. I said I am a senior citizen on partial social security and can't do that. She wouldn't budge. Plus, neither did XXXX XXXX say anything about having to pay a big interest dump if it wasn't paid off in XXXX months. Plus I was anesthetized at time card was instituted on me. I couldn't have read a thing! And the girl taking payment wanted out cause was end of work day and was angry and impatient at how long XXXX processing took. Also, in XX/XX/XXXX I received a new Care Credit card in mail and I assumed it was just a newer XXXX so I activated it. Turns out it was a XXXX. I called them and said I didn't want a XXXX and that I had an XXXX month interest free deal on Care Credit XXXX I was told that was still ok to be continued, again, not a word said to me that if I didn't pay it off at XXXX month mark I would be scammed and deceived by dumping {\$700.00} interest onto acct.balance. By doing that it took me over my limit and will cause my credit rating, which was above XXXX, to be destroyed. This was abuse of older person by both XXXX XXXX XXXX and Synchrony Bank without disclosure of penalties and without up front forthcoming verbally of true terms of this card. My XXXX XXXX dental card was free and never had interest.

SECONDARY ISSUE: Complaints about Being Pushed Into Deferred Interest

i. Complaint ID: 3855021

Date Complaint Received: 9/19/2020

Consumer Complaint Synchrony Care Credit offered a promotional 0 percent interest rate on my XXXX XXXX. I used Care Credit to purchase XXXX XXXX in XX/XX/XXXX. The promotion was that there was no interest for a year, however when they billed me in XX/XX/XXXX they referenced a tiny piece of print and the word deferred interest at a rate of 26.99 %. The charge was exorbitant. When my son and I called to sort this out and reach an agreement two representatives, XXXX and XXXX were not helpful. When I asked XXXX to speak to someone else he asked, 'who? '. I asked if there was someone else and he told me that another rep would tell me the same thing. I asked if there was someone over him or if he was the XXXX if synchrony. He transferred me to XXXX who finally noted that old age and memory were part of the issue, however he said that the interest was contractually allowed so there would be no negotiation and the interest would stand.

j. Complaint ID: 5034675

Date Complaint Received: 12/22/2021

I was injured in XX/XX/XXXX and needed urgent XXXX XXXX XXXX XXXXXXXXX. The doctor I went to told me it would cost {\$4000.00} cash (I don't have insurance, I'm a XXXX XXXX) and offered to open a Care Credit account (managed by Synchrony), telling me it was interest free as long as I reimbursed regularly. After the surgery and for a year I made the payments religiously and brought the balance down from {\$4000.00} to {\$2700.00}. On XX/XX/XXXX, the anniversary date of the account, they charged me {\$1000.00} in interest fees - 26.99 % of the original amount, despite my regular payments and the fact they were not owed that money. When I contacted them, they refused to explain the calculation and told me it was my fault, I should have known and this was it. I offered to pay in full and negotiate the fees because I had already paid {\$1300.00} and I have a great credit score. They were rude, told me there was nothing to discuss and I was wasting their time. I ended up payment {\$5000.00} for a {\$4000.00} procedure because my doctor suggested Care Credit. It's a scam. The APR of my regular credit card is 13.9 % and they are accommodating when I have financial difficulties like what happened with Covid. Synchrony is just a loan shark peddled by doctors who are probably in on it. Disgusting and a great disservice to the American people.

k. Complaint ID: 3675923

Date Complaint Received: 4/10/2019

In XXXX and XXXX of XXXX, we purchased several appliances for our new home from XXXX totaling {\$9200.00} (receipts attached). The sales person offered interest-free financing for five years and 5 % off of the total purchase if we opened a GE Capital credit account and made payments directly from our checking account. We were prepared to pay for the appliances in-full, but were lured into this predatory plan. We opened the account and financed {\$6600.00} of the purchase. For five years, the direct payments have been made out of our checking account, as required. This week, we looked at the online account, expecting the balance to be at or near zero. We were outraged to see that the remaining balance was {\$4700.00} (statement attached). In addition, we saw that they were charging 29.99 % interest and that at this rate, it would take 19 years to pay off the balance. This is not what we were lead to believe nor is it any type of plan that we would have accepted. We have no way of knowing how much we have paid over the years in interest since the online statements only go back a year (document attached). We see

more confusing information on the attached statement under the Transaction Summary then inside the XXXX Totals Year-to-Date section that the Total Interest Charged in XXXX is {\$370.00} and below that the Total Interest Paid in XXXX is {\$530.00}. In addition, the activity report (attached) is confusing because it shows the timing of payments and interest charges several days apart. Why is this? We initially set up the automatic deductions from our checking account so there would never be a missed payment or ding on our credit report. The description of the plan was not presented accurately. The information online is incomplete. The whole situation is predatory and designed to mislead customers into a financial trap. We immediately paid off the balance to stop the robbery and looked for a way to recover the money lost to their misleading program. The plan was misrepresented to us. The terms were not followed as represented. There have been no paper statements nor mailings to provide a status of the account or to inform us of any charges. Even if the mailings were sent to our previous address, they should have been forwarded to our new home address. XXXX went out of business shortly after our purchases, so we couldnt go back to them. We saw on the CFPB site that there are many other consumer complaints of the same nature against XXXX GE Capital, and Synchrony. After the way GE Capital and Cynchrony have treated us, there is no trust remaining to ask them for help. Therefore, in pursuit of quick resolution, we have chosen to bring this matter directly to CFPB.

SECONDARY ISSUE: Problems caused by electronic delivery of billing statements

1. Complaint ID: 4109499

Date Complaint Received: 2/14/2020

On XX/XX/XXXX I applied for and was approved for a Care Credit account at a XXXX XXXX XXXX called XXXX XXXX XXXX XXXX is XXXX XXXX, NY. My dog had a XXXX procedure in which the pet center offered a 0 % interest account for 6 months that I could have the {\$940.00} medical expenses charged to. At no point did the representative at the pet center explain that the interest fee period would be applied retroactively, or what they call deferred interest, to my account after XX/XX/XXXX if I did not pay the entire balance before that date. There were no written disclosures provided to me when I applied for and accepted the account. All I was given was a digital device to sign my name. After I was approved and the medical procedure was charged to my account, I signed up for an online account so that my monthly payments could be automatically debited from my checking account. In around XXXX or XX/XX/XXXX, I noticed that my online statement had a {\$140.00} interest charge. I immediately called Care Credit to inquire as to what this very large charge was for. It was then that I was told that my 0 % intro interest free period had ended and that all the prior months had now been charged with interest. After I was very upset to hear this, as it was the first time I was being disclosed this information, the representative offered to waive all the interest if I made a payment to pay off the entire balance. I did not have enough money at that time to pay the entire balance of almost {\$900.00}. Today, XX/XX/XXXX, I called to offer to pay the entire balance if they would waive the interest as was offered to me last time I had called but I was told that was a one time offer and no longer available. I argued that I was never given the proper disclosures at the time I applied for and accepted this account - that if I had been properly informed that there this account involved deferred interest, I would have never opened this account and would have used any other leading bank 's credit card who offers 0 % interest free periods without deferring the interest and applying it retroactively. I spoke to a supervisor who told me that the disclosures

were given to me in my first statement. I explained that this is unacceptable and not compliant with federal law as the disclosures were required at the time I applied and agreed to open the account - not after the fact. I believe this company and its product is predatory to those who are in financial distress facing medical issues. The terms of the product and this companies ' practices are unfair and deceptive.

m. Complaint ID: 3792325

Date Complaint Received: 6/7/2019

Wells Fargo charged a deferred 12 months interest to my account. 30 % of my principal balance. I was told when I signed up for the card that I would have no interest for 12 months, and then it would start to begin incurring interest in the 13th month. I was never told and it was never explained to me what deferred interest was or that that was the terms of the card that I signed up for. 3 weeks ago I noticed a charge for 72 % of my remaining balance. I called Wells Fargo, who told me there was nothing they could do because I did not have any issues with my mailing address, even though I never received any notices stating any of this information. I am still within 30 days of the charge as of today. I feel like I have been duped into paying much more than I ever would have agreed to.

n. Complaint ID: 3820257

Date Complaint Received: 7/22/2019

Home Depot credit card offered by Citi Bank advertise a promotion of 6 months interest free on balances but when promotion expired company charged deferred interest to my account. Large lump-sum interest was added to my account. This practice should be illegal. How are they allowed to do this after what happened with the financial market back in 2009?

o. Complaint ID: 4766683

Date Complaint Received: 4/7/2020

I brought up this exact concern to the Home depot before opening my account. I was guaranteed by the credit account manager that the Home Depot would never change account terms to add full back interest after the two year promotion date was over. Specifically he said that " The Home Depot cares too much for its customers to do that " and that my account was " Two years no interest " and that my concern was " two years deferred interest ". **THAT IS HOW HE SOLD ME ON CREATING AN ACCOUNT.** Additionally, since I spend so much time TDY away from home, I have always set up payments so that purchases will be payed off in full before the end of two years. this method of managing my account has worked well for ten years with no problems until now. I don't know what went wrong. The auto payment were not nearly as agreed, in fact Citi made them digressive until the end of the two years and then added the full back interest to the principle. This is terrible **PREDATORY** lending and an internet search reveals Citi as absolutely famous for this. I contacted them when I learned about this and asked them to contact me to discuss it. No one contacted me. They just left me a message that they turned down my request. (Which I hadn't even had a chance to explain yet) Now, over a year later I have had some time to re-visit the issue and when I contacted Citi executives I was told that it had been too long (even though I first contacted them when it happened) and that it was my fault since I " chose not to manage my account ". I don't deserve this. **NO ONE DOES.** 1 I have excellent credit and have never missed a payment so why are Predatory Banks like City allowed to charge any interest rate they please?? 2 why can Banks change the terms of credit accounts as the please and

then tell me that " they sent me letter " informing me of the change in terms?? Should notification methods be adequate for EVERYONE, even if some people spend much time away from their place of residence. Why can't changes REQUIRE a confirmation. 3 How can organizations like Home Depot, Best Buy, Costco and others allow their customers to be taken advantage of by such a predatory lender as Citi? How can they possibly demonstrate their disregard for their patrons any more clear?? (I'm going to bring this up with the executives of each)

SECONDARY ISSUE: Complaints about Being Pushed Into Deferred Interest

p. Complaint ID: 5018505 Date Complaint Received: 7/27/2020

Home Depot does advertise 6 months deferred interest if paid in full but on the actual printed bill it says No interest for 6 months.

q. Complaint ID: 4586935 Date Complaint Received: 12/18/2020

In XXXX of 2018, I was promoted a 0 % interest for 2 years on an item at Best Buy, using the Citi Bank My Best Buy credit card. I was immediately approved and made on time payments for two years. XX/XX/XXXX, I opened my account to make a payment, and noticed XXXX dollars interest had been applied. The promotion on my TV ran out, and it was deferred interest (which was never vocalized to me). When I called to ask about how to rectify the situation, I was told that I could pay off the XXXX dollars still owed. When I asked how this happened, the employee told me that my on time payments were applied to other purchases, and not the promotional item. They chose to allocate my payments to other purchases. Despite explaining that this is not allowed, the employee refused to let me enter a hardship program, until I said that legally, I was interested in pursuing another avenue. Once I was transferred to the hardship program department, they told me that the employee was misinformed and that I could enter the program. My account is currently closed, but I am still paying the interest that was accrued even though it was falsely advertised to me as not having interest.

SECONDARY ISSUE: Complaints about Improper or Damaging Payment Allocation

r. Complaint ID: 5433996 Date Complaint Received: 10/18/2021

Bought a washer and drier at Home Depot in XXXX of XXXX. Was told to get a Home Depot credit card to take advantage of 0 % interest for 18 months. I directly asked and it was directly related to me that there was no interest charge and would be no interest charged until after 18 months. At no time was it related to me by the store representative that the account was for " deferred interest " and that interest was in fact accruing the entire period at an onerous 30 %. As I utilize online banking and autopay my card I had no reason to go online and see interest payment on my account until I logged on in XXXX of XXXX when I had money pay off the cards remaining balance in full. I was quite enraged to find that my balance was not the {\$600.00} i expected but rather some {\$1200.00} after being charged {\$650.00} in Deferred Interest! If I would have known this was occurring or would occur I like would have never opened the

account to begin with or would have most certainly paid off the card immediately. Now I am being charged {\$650.00} dollars in interest for a {\$1000.00} washer and dryer. Please help!

s. Complaint ID: 5669084

Date Complaint Received: 1/6/2022

(waived interest) with a 25.99 % interest applied to any charges made after the two years expires. The representative at the store insisted that I would not be responsible for any interest accrued during the promotional period charges. I was lied to by the sales representative in the store and the credit card representative over the phone- as this card has a deferred interest associated with it that I was not aware of. I set up auto payments and electronic statements upon receiving my card and making my first charge. I set up my payments to be above the monthly minimum and they were consistently paid on time. This promotion expired in XX/XX/XXXX where I had approximately {\$3400.00} left on my credit card balance. My auto payments continued however I was charged approximately {\$6800.00} in deferred interest in XXXX. I never received any email notification (given I have electronic notifications) that the promotion was expiring and there would be a deferred interest charge added to my total charges. This was a complete surprise to me. I logged in today, XX/XX/XXXX to pay the remainder of the balance in full to find it was {\$8800.00} dollars. I called Citi to try and resolve it and informed them I was lied to and this is not how the credit card was sold to me and I was told there is nothing that can be done on their end. The pandemic has really affected me and my family and money is extremely tight. I can't afford to pay all this interest, especially when it's not what I signed up for. I feel cheated and taken advantage of and any help in the matter would be greatly appreciated.

t. Complaint ID: 4479621

Date Complaint Received: 10/21/2020

I have a XXXX XXXX account through Comenity Bank and was offered a promotional plan and was only told that I had certain amount of months to pay off the balance. I was not told that there would be what they called a " deferred interest " charge. I have been making payments regularly before my due dates and paid much more than the minimum amounts each month. On the last month, I tried to pay the balance off before the promotional offer expired but I paid {\$220.00} instead of {\$230.00} as I was not aware that {\$230.00} was due before XX/XX/XXXX. I was estimating the total amount to be due on balance was {\$220.00} because I've been paying around \$ XXXX/month which was way more than the monthly minimum due amount. I underpaid by {\$5.00} and was charged {\$640.00} in interest on XX/XX/XXXX. I contacted Comenity Bank on XX/XX/XXXX and spoke with one of the Supervisor, XXXX, who informed me that I had to contact the provider and have the provider waive the charges as Comenity Bank is unable to do so. I contacted the provider and the provider helped to call Comenity Bank and was told that there is nothing that the provider could do to resolve this as the interest charge is charged by Comenity Bank. I called Comenity Bank back on XX/XX/XXXX and spoke with another Supervisor, XXXX, who then told me that there is nothing that the provider can do nor can she help reduce, waive, or reverse the interest charges. The interest charge of {\$640.00} is ridiculous and unfair as I was not aware that I would be charged interest for the beginning balance accrued over time. I understand I would owe interest or finance charge if I had not been paying or have missed any payments. But I have been paying regularly over the minimum amount and never missed any payment. I miscalculated on the last payment by {\$5.00} and was charged {\$640.00}

of interest? Additionally, not only did Comenity Bank gave me false information, they were unwilling to work out any discount, waiver, or reduction of any kind due to this error.

I opened a Home Depot credit card in XXXX of XXXX and was told it was 2 years interest free

II. Complaints about Improper or Damaging Payment Allocation

a. Complaint ID: 4789631

Date Complaint Received: 10/7/2021

PayPal Credit offers 2 types of promotional purchase programs. 1) 0 % interest if paid in full in 6 months, with deferred interest 2) 0 % interest with 24 monthly " Easy Payments " ***If you have both types promotional purchases ongoing at the same time, payments made online will be applied mostly to the Easy Payments purchase instead of the deferred interest promotion. This is in spite of the fact that on the statements it clearly lists a " Monthly Plan Payment ", which is the original purchase price divided by 24. ***If you make large payments with the intent of paying off the 6-month promotion so as to avoid paying deferred interest, the payments are instead applied to the Easy Payments balance. The result is that you wind up paying off the 24-month promotion early while also owing the deferred interest on the 6-month promotion. Furthermore, if you make a purchase and return for a credit, the credit gets applied to your Easy Payments promotion! ***There is no way to force payments to be allocated to the Easy Payments promotion in such a way that the Monthly Plan Payment is made each month, with the balance of the payment being applied to the next 6-month promotion to expire. ***This seems to me to be purposely rigged to make customers pay interest, even if they are careful about making the payments on time and in sufficient amount to pay off all active promotional purchases. It's a scam - a subtle and complicated one that I am sure makes PayPal Credit a ton of money. ***I contacted the company when I realized that my Easy Payments promot

b. Complaint ID: 3259728

Date Complaint Received: 5/31/2019

PayPal credit. 6 months interest free account. I have a account and have been with PayPal from the beginning in XXXX. I signed up for PayPal credit when it first started up. Problem is the payments I have been making go towards to total amount due and not the oldest purchases I made with a 6month interest free. so the oldest accounts never get paid off on time and interest is charged. I have acumalated several tousands of dollors in interest and no matter what I pay it just keeps going up. When I was making purchases on XXXX PayPal credit was paying for my purchases Evan if I have more than enough in PayPal ballance to cover the purchase. In XXXX I was charged {\$990.00} in interest for the year. This year alone almost {\$400.00}. my payments now are only covering interest charged. I talked to 3 agents going up the ladder to the top overseer and he attempted to baffle me over with why and when and company policies. he kept apologising over and over and that, as i told him, was admission of wrong doing.

c. Complaint ID: 3690371

Date Complaint Received: 6/9/2020

I have an account with Paypal Credit. I have multiple Promotions on the account. They do not have a way to allocate your payments online so they tell you to chat or call in. I have a promo

that ends XX/XX/XXXX so I wanted to pay it off so I do not have to pay any interest. I got on chat with two different people. I was told to make the payment and they would allocate it. Once I made the payment they told me that the payment would go toward next months bill and I had to pay more if I wanted to pay off my promo and not be charged any late fees. This is just not right. They do not want you to pay off the bill so they can charge you fees. Something needs to be done.

d. Complaint ID: 3560850

Date Complaint Received: 3/10/2020

I have a Care Credit Mastercard in which I have an interest free Promotional Balance for 24 months. On occasion I also charge other interest bearing charges to the account, herein referred to as the Regular Balance. Care Credit policy, as has been explained to me many times, is that I must pay the minimum balance on the card monthly, this is the amount that will be allocated toward paying down my Promotional Balance in the allotted time frame. Once the minimum balance obligation is met, their policy, as stated to me is that any payment above or additional is then allocated to the Regular Balance. This is important to me as, in order to avoid interest fees, I pay my credit cards in full each month. Care Credit is not following the policy stated above and as provided to me by Care Credit. I believe they are fraudulently and purposely misallocating payments to charge and/or maximize interest fees. Example : On XX/XX/20, I paid my minimum balance of {\$150.00} as required and which, at this rate monthly, will pay off my interest free Promotional balance as required with a few months to spare. In the same billing cycle, the next day, I made a payment of {\$54.00} to cover additional non-promotional purchases to date. This payment was not applied to my regular balance to cut down on interest fees and per their policy, but rather to my promotional balance. I contacted care credit and, after being given a hard time, they agreed to reallocate the funds to the regular balance. Also in this same billing cycle, on XX/XX/20, I wanted to make a final payment in the cycle to pay off the full regular balance to avoid interest charges. I contacted Care Credit prior to making the additional payment and was assured that, per their policy, the payment would allocate to the regular balance. I was very adamant that I wanted to ensure this payment be allocated to the regular balance. The rep agreed to make a note on the account to ensure this would happen. I hung up with the rep and immediately made the payment of {\$190.00}. Today, XX/XX/20, I contacted Care Credit and was informed by the rep that payment was not allocated to the to the regular balance and AGAIN was allocated to the promotional balance, despite my reassurance by the rep, my request to the rep, and the note on the account. I was also again given a hard time regarding reallocation, even though it is per the policy. The second correction will again take 1-2 billing cycles to complete. Care Credit should be following their policy without me contacting them to insist that they do. I have other examples of the same pattern that have happened previously. Based on my experience and the example above, I believe Care Credit Mastercard is fraudulently and purposely mis-allocating payments to charge and/or maximize interest fees.

e. Complaint ID: 5181855

Date Complaint Received: 2/3/2022

I opened a Care Credit credit card account about 2018 for dental work. The credit card is set up to have deferred credit. You are given a set amount of time to repay charges interest free. If you don't meet the deadline then interest will accrue including the deferred amount. When a new purchase is made, it has it's own deadline. The issue is in the application of payment. Payment is

applied to the newest purchase and not the oldest. Therefore, high interest is accrued on the oldest purchase with payment being applied to the newest purchase. This is a way for Care Credit to gouge interest income. My complaint is that applying payment to the newest purchases and not the oldest purchases is deceitful. Payments should be applied to oldest purchases first. I have attached a copy of a Care Credit statement. Page XXXX under XXXX XXXX Calculations shows how Care Credit calculates and charges interest. Under XXXX XXXX XXXX XXXX terms and conditions are explained EXCEPT the fact that payments are applied to the newest purchase.

f. Complaint ID: 5863762

Date Complaint Received: 8/10/2022

My payments have not been applied to the proper balances as required by law. I spoke with a supervisor that acknowledged they broke the law by misapplying the payments. She then also told me its my fault because I should have noticed. Yes small truth to that but is the company just exempt from following the law? I asked that my payments be reapplied to the correct balances and this still has not been done. Care Credit has applied payments to a newer balances before paying off older balances, therefore possibly causing me extra fees and interest.

g. Complaint ID: 3345001

Date Complaint Received: 8/10/2019

I have a XXXX XXXX store card which is a Synchrony Bank Credit Card. I brought furniture during different times of the year (XX/XX/XXXX) and after each transaction I had a different promotional purchase plan# in my Synchrony Bank account. One such promotional plan is a 0% interest 36 months payment plan and the other being a 0% interest 6 months payment plan. The Issues here is that Synchrony Bank wont let me allocate the monthly auto payment to my desired payment plan, i.e If I wish to make an auto payment of \$XXXX with \$XXXX split into both the payment plans, the bank wont let me make this split online. They say I need to call the bank each time to split the amount. The other issue is that any amount paid by me will always go to the account which can be paid off in 36 months with a 0% interest and they wont put any part of this auto payment amount to the account which has a 6 months 0% interest plan. The bank always hopes that the customer is negligent enough to not check their accounts and how much each plan is paid for and hope that after 6 months of no payment to the 6 months 0% plan, they can make us pay a hefty interest on non payment to that account. When I decided to call their customer care each month, each call center agent gives me a different and misleading answer which ultimately puts me in a confused situation. For example, I called their office on XX/XX/XXXX week to discuss the possibility of splitting my auto payment into 2 accounts. Their agent said I cant do that now since the bill was already paid for and they always get deducted to the account which has 36months no interest financing. Then they forwarded my call to their supervisor who helped me make a payment to the accounts of my choice. They warned me that If I had to split this amount in future, I need to call them before my bill gets paid using auto payment. The next time I get an email from the bank stating my next auto payment scheduled on XX/XX/XXXXt will be \$XXXX. I call their customer care again around last of week July asking them the reason for that letter and reason why my auto payment wont be deducted. They respond back saying `no, it will surely get deducted due to auto payment setting`. Then I ask them why did you send me a letter saying no amount will be deducted on XX/XX/XXXX? Then the care agent asks me to hold and talks to his supervisor and then tells me `Yes sir, you were correct, since you already made a

payment recently the amount on scheduled for XX/XX/XXXX wont be deducted`. So I try to understand this situation and then request the care agent to deduct an additional amount from my bank account and split them for payment to my accounts. He agrees and I am done with the call. To my surprise on XX/XX/XXXX, my auto payment gets deducted!!!So now below are my questions for the bank:1) Why did you deduct the Auto payment amount for \$XXXX when you send me a letter (and I have proof of that letter) on XX/XX/XXXX that you will deduct \$XXXX from my account?2) Why are the care agents not clear on this when I call the customer care center for the bank? Are they deliberately asked to mislead the customer? Why would they at first say Yes, the payment will be deducted, and then talk talk to their supervisor and change their statement to `No, the amount wont be deducted`? Which version am I supposed to believe? What would have happened If I did not make the payment due to the letter and then fined due to lack if minimum payment?3) Why are you not letting customers file this split payment online? I would really appreciate if CFPB does a probe on this Bank and penalize them for misleading and robbing the customers. The whole banking system is built on faith and discipline and this bank would have already duped a lot of customers due to these misleading and incorrect informations.I hope justice is prevailed.Thanks,XXXX

h. Complaint ID: 4832724

Date Complaint Received: 5/14/2021

Synchrony bank did not apply my payments correctly and as a result I was hit with {\$900.00} in deferred interest in XX/XX/2020 and again in XX/XX/2020 for XXXX. I had the payments set up to cover all of the promotional purchases and pay additional. They do not apply the payments to the expiring promotions first as they should after the minimum payments are satisfied for all of the other promotions. I spent hours on the phone with different people and two of the managers were just awful and just blamed me for everything Actually using the words that it is my fault. Constant interruptions and talking over me what I was trying to explain the problem and request a full review of my account how payments were applied and when. I actually didnt get to realize the problems that happened in XXXX until I called back and got another representative who actually took the time and reviewed my account. I asked to escalate to a manager above them and they said no they wouldnt even put me into a voicemail and somebody was supposed to call me back and they never did. I went online and sent an email and they said because of the nature of the complaint they were going to forward it to corporate never heard a word and its been months. I wanted paper statements and when I asked for them then my online statements got turned off and I couldnt see my promotions. This company has deceptive business practices and they set people up so they miss their deadlines for promotions.

SECONDARY ISSUE: Problems caused by electronic delivery of billing statements

i. Complaint ID: 4081802

Date Complaint Received: 12/2/2019

I have a Wells Fargo credit card with 3 zero interest balance transfers, 1st for {\$1700.00} expires XX/XX/XXXX, 2nd for {\$2300.00} expires XX/XX/XXXX, 3rd for {\$4900.00} expires XX/XX/XXXX. I made two payments of XXXX in early XXXX one on XX/XX/XXXX of {\$500.00} and another on XX/XX/XXXX of XXXX. According to the Credit Card Act of 2009, the first amount should have been paid off completely because it was 60 days before the expiration of the 0 percent interest rate. Credit Card act 164b (2) Clarification Relating to

Certain Deferred Interest Arrangements A creditor shall allocate the entire amount paid by the consumer in excess of the minimum payment amount to a balance in which interest is deferred during the last 2 billing cycles immediately preceding the expiration of the period in which the interest is deferred. Wells Fargo did not paid off the 1st balance completely, however spread it out between the three leaving a balance of {\$680.00} on the 1st. I called them in number of times to get them to abide by the Credit Card act but they refused to, saying they were in the right. Now as of last statement they are charging interest on the first amount.

j. Complaint ID: 4067278

Date Complaint Received: 1/11/2020

In summary, this narrative concerns Wells Fargo 's payment allocation practices on a personal credit card with multiple promotional rate balances with identical terms that expire at different times. Wells Fargo distributes payments among all of the balances in a manner deliberately engineered to make it impossible to pay off the balance expiring the soonest prior to expiration without also paying off the entire account in full. In addition, several payments were egregiously applied primarily to the newest balance (i.e. the last to expire). Clearly this is designed to maximize Wells Fargo 's opportunity to generate income on transactions of this nature. When a consumer is forced to pay the total account balance to avoid interest charges on one balance expiring sooner than others, it also effectively revokes the duration of the promotional period promised for each transaction posting to the account after the initial one. These payment allocation practices were not described in any disclosures, on the credit access devices (" Superchecks "), on the statements, or in the terms and conditions of the account. Although there is presently no law in place to govern how payments are allocated when all balances on a credit card account are at the same interest rate, Wells Fargo is not in line with its peers (the other three " Big Banks "), which apply payments to multiple same-rate balances either in the order they post to an account or the order in which they expire. In detail, I conducted a total of five transactions with identical terms (15 months at 0 % with a 4 % transaction fee) for varying dollar amounts on separate occasions. No other transactions have taken place on the account aside from fourteen timely payments totaling {\$2300.00} (as of XX/XX/XXXX). It was when I made this XX/XX/XXXX payment that I discovered how payments had been applied to the account. Here is the complete chronological breakdown per the figures shown on each statement... [complaint then continues for 2 pages)

k. Complaint ID: 5276176

Date Complaint Received: 10/9/2021

On XX/XX/XXXX we obtained credit from Wells Fargo (classified as XXXX XXXX - issued through our HVAC vendor) to cover the expenses of a major purchase in the amount of approximately {\$9900.00}. For this loan we were given a special interest rate of 9.9 % APR. Most months we paid slightly more than the minimum payment (minimum payment was {\$180.00}, we payed {\$200.00} per month). We have not made any other charges to the credit card until XX/XX/XXXX, when we experienced another need for expensive repairs. Since we were using the same vendor we asked if we could charge the cost against the same card and asked if Wells Fargo was offering any special finance terms. The woman in the finance office contacted Wells Fargo and we learned that there was a special finance offer of 0.0 % for 18 months. We elected to take advantage of this offer. When the new charge appeared on our credit card statement I increased the amount of our payment to \$ XXXX/Month. On my

XX/XX/XXXX statement I noticed that the loan amount of the no interest loan was not decreasing enough on monthly basis for the loan to be paid off in 18 months (the balance on the no interest load was decreasing each month {\$57.00}). So for the XXXX payment I increased the amount to {\$290.00}. When I received my statement for the following month, the amount applied to the no interest balance was still only {\$57.00}). I called Wells Fargo to ask what I need to do to reduce the balance on a monthly basis in order to pay it off at the end of the special rate period. I was told that there was nothing that I could do, that the way they apply payments is to apply first to the balance against which interest is charged, then once that balance is paid in full the payments will be applied to the no interest portion of credit card balance. Either what she told me is not entirely true, or I misunderstood what she said, since they are applying {\$57.00} against the no interest balance each month. If the monthly payment was being applied against the outstanding balance with interest then the no interest balance would not being reduced at all. The no interest balance has a APR of 28.99 % and this interest is being deferred, and if I do not pay off this balance within the allotted timeframe then I will be charged the entire deferred interest charge, which will be slightly less than the original loan amount. The way Wells Fargo is applying the monthly payments makes it impossible for me to pay the no interest loan prior to special terms end date. This practice seems deceptive and predatory, especially given the fact that I made an effort to arrange to direct my payments to pay off this balance within the agreed timeframe.

1. Complaint ID: 4932813

Date Complaint Received: 5/13/2020

I made a purchase on this card in the amount of {\$520.00} on XX/XX/XXXX. I was to pay no interest on this purchase for 18 months as long as the balance was paid in full by XX/XX/XXXX. The total amount of deferred interest was {\$250.00}. I have paid over the monthly payment amount each month since this purchase, yet only {\$64.00} was applied to the promotional balance. From XX/XX/XXXX to XX/XX/XXXX, I paid {\$460.00} alone on this card. I called the credit card company on XX/XX/XXXX when I noticed I still had {\$460.00} left on my promotional balance despite paying well over that amount in the last 18 months. I was told it was because I had regular purchases that accrue interest daily so my payments were applied to that first. I requested to speak to a manager and I was transferred to " XXXX ". I asked her to reapply the payments that I made since XX/XX/XXXX so they were applied to the promotional balance instead of my regular purchases and she refused to do so stating my promotion was ending that day. It had not ended and I was still in the promotional period but she just refused to help me. My regular purchase balance was never {\$0.00} for the 18 month promotional period. Their practices are deceptive applying little to no amount of my payment to my promotional balance each month leaving me with a balloon payment and then REFUSING to help me when I called to resolve the issue. This is unfair practice. From XX/XX/XXXX to XX/XX/XXXX, I made {\$1400.00} in payments and only {\$64.00} was applied to this promotional balance and that was part of my payment in XX/XX/XXXX. I did have a promotional balance for {\$320.00} where {\$34.00} was applied to the month before the promotional balance ended and then I had to make a lump sum payment of {\$280.00} to pay that off in XX/XX/XXXX. I paid almost DOUBLE both of my promotional balances and only {\$98.00} was applied to them the month before they expired then I had a balloon payment due the month the promotion expired. Why is Best Buy inconsistent and applying only a PARTIAL amount of the payment to the promotional balance and only doing so the month before the

promotion ends? What kind of deceptive and unfair practice is that? There is NO OPTION online to confirm how you want your payment applied. I was told that I would have to make the payment, wait for it to post, and then call them every month and have them reapply my payment. This is absurd not to mention I do not trust them to not mess up the accounting of my card when they reapply a payment each month. I am the consumer and the one making the payment. I should be deciding how it should be applied in MY best interest, not the interest of the company. There should be an option at the time you are making the payment where you can decide how you want it allocated. Many other companies do this and may other companies I use for various reasons. But why would they implement this when they are making more money off consumers the other way? They act like you have a period of time to pay off a promotional balance but they misallocate your payments so you have to pay one lump sum at the end anyway despite the payments you made all along. At the VERY LEAST, any amount over the accrued interest for that month should be automatically be applied to the promotional balance since that has an end date and regular purchases do not.

m. Complaint ID: 4947056

Date Complaint Received: 5/21/2020

Citibank fails to apply a payments appropriately. They has created a practice where i can not pay a revolving balance without paying deferred balances 2 months early. They allow no way to adjust this. Not by a phone call, email, in person payment. Background : I use 'promotional deferred interest on purchases ' offers monthly. In XXXX of 2020 I had a deferred balance come due. I made a payment to pay the XXXX deferred interest balance in full. Instead of the payment being applied to the XXXX deferred interest balance it was applied to the XXXX deferred interest balance that was not due for another month. When this occurred, the deferred interest from the XXXX promotional balance was charged to my account (placing { \$1500.00 }). I called immediately and the interest was withdrawn. However the situation was not fully corrected. The XXXX deferred balance was put into a revolving interest accruing balance. The situation now is that i can not pay off that revolving balance and each month i get charged interest. I have contacted them several times to correct this. Citibank has a policy that they refuse to apply payment to a revolving balance when there is a deferred balance coming due within 2 billing cycles. I have made all payments on time. I can not get the revolving balance paid off. I didn't. Additionally, they have created a deceptive practice of advising the customer, to pay a certain amount to avoid interest charged. I met that value and still was charged interest. When questioned about that announcement showing a value to avoid interest, i was told that is a courtesy and they don't have to follow that. .

n. Complaint ID: 4473235

Date Complaint Received: 10/15/2020

I had two deferred interest promotional balances expiring on XX/XX/XXXX. I made a payment on XX/XX/XXXX. The first promotional balance was in the amount of { \$190.00 }. The second promotional balance was in the amount of { \$57.00 }. To cover this { \$250.00 } XXXX XXXX { \$320.00 } on XX/XX/XXXX. The payment was accepted. On XX/XX/XXXX, having now paid these promotional balances off, I began working on paying off additional promotional balances that expire on XX/XX/XXXX. To do this, I changed the payment allocation to the balances that had later expiration dates. On XXXX XXXX I checked my statement and saw that I was hit with a { \$140.00 } deferred interest fee for not paying off the two promotional balances that expired on

XX/XX/XXXX. I called the Home Depot Credit Services and they said it was my fault for assuming that the balance was paid with the {\$320.00}. They said I should have known that by changing the payment allocation 5 days after paying off my promotional balance, that any payments would be automatically redirected, and that the fee should remain. They said there was absolutely nothing they could do, but they could work out a deal if I paid off the whole balance that day over the phone. This struck me as an additional illegal practice.

III. Complaints about Being Pushed Into Deferred Interest

a. Complaint ID: 4103857

Date Complaint Received: 1/29/2021

I am writing to notify you that I disputed this alleged debt with CareCredit and I am submitting a complaint about one of the providers that signs customers up for CareCredit cards. This alleged debt is associated with a dental visit on XX/XX/2029 Before my visit I made sure that the provider accepted XXXXXXXX (XXXX XXXX). During this visit, employees at the dentist office signed me up for CareCredit while I was sitting in the chair, by giving me an XXXX. They did not explain to me that this was an account with deferred interest, in which I would eventually have to pay the interest. They also did not give me notice of my treatment plan before signing me up for this account and didnt notify me that part of the treatment would not be covered by my XXXX. I understand that these practices violate California law. Specifically, Business and Professions Code Section 654.3. This is the kind of conduct that was the subject of CareCredit'sXXXX consent order with the federal Consumer Financial Protection Bureau . CareCredit was supposed to change their practices and properly train and monitor your providers to stop misleading consumers. However, these unfair and deceptive practices are continuing. I did not receive the service I was billed for I contacted CareCredit 's dispute resolution they did a rubber stamp of the offending fraudulent dentist 's narrative. This is absolute fraud not a misunderstanding I contacted Dispute Resolution 4 or 5 times each time they asked me for no information and totally relied on their assignee. Furthermore, I did not receive all of the care for which the dentist billed me. This is another reason that I dispute this alleged debt.

b. Complaint ID: 3187861

Date Complaint Received: 3/22/2019

On XXXX XXXX XXXX 2018 my dog was attacked by a pitbull in an incident that left her XXXX XXXX XXXX. The vet said XXXX would be required and I did not have enough money in my savings so the vet assistants offered me care credit and gave me a pamphlet about it. The pamphlet stated that I would have 6 months interest free on purchases and afterwards a 26.99 apr rate. This wasnt too different from my other credit cards so I naively agreed to it before reading care credits reviews. I took the offer and put {\$1000.00} on credit from the vet bill. I paid the minimum monthly payment the first 6 months and expected the monthly interest afterwards to be \$ 20- {\$30.00}. After 6 months my payments had brought my balance down to {\$810.00}. Then the FIRST statement after the 6 months were up came back with a whopping {\$130.00} interest charge on purchases. Bringing my balance to {\$940.00}. Almost back up to what I initially owed before payments. First of all the pamphlet said the first 6 months were interest free. So either this company was overtly lying on their advertising or charged me incorrectly. Either way it is very disingenuous to not be clear to consumers as to what they are signing up for when they sign up

for this card and outright predatory to do this to people who are in need of medical care for themselves or their pets. I would of happily applied for a reliable company like chase credit if I had known this would be the case.

c. Complaint ID: 3848078

Date Complaint Received: 9/16/2020

I was offered a promotional no interest period through Care Credit from my XXXX office to pay for a {\$2500.00} procedure. This was the total charge on the card. No other charge was ever made on the card. I was told that if I paid automatically via bank transfer on time each month, I would not be charged interest. The credit card company set the automatic payment amount. I paid every month with auto-draft and never missed a payment. After 18 months, the credit card company added an interest charge of {\$1000.00} and has since been charging interest monthly for a total year to date interest charge of {\$1100.00}. The advertised interest rate on the card is 26.99 %. The amount of interest I was initially charge after the end of the promotional period was 45 % of the original charge. ({\$1000.00} interest fees on {\$2500.00} charge). This is outrageous and I would have never used this card had I known this was what they were going to do. I tried to resolve this with the credit card company on multiple occasions. One customer service rep admitted that Care Credit (aka Synchrony bank) purposefully does not let the consumer know they are only setting them up with the minimum payment which will not result in a payoff within the promotional period. I specifically requested to have this set up to pay off within the promotional period when I set up auto payments.

d. Complaint ID: 3775754

Date Complaint Received: 5/31/2019

On XXXX XX/XX/2019 Statement I notice it said " Promotional Balance : {\$530.00} no interest for 6 months.pmt req. I called Home Depot Customer Service and told them I didn't ask for or gave permission for the to put this offer onto my account and I want it off now. The supervisor XXXX stated " It's deferring the payments for 6 months, if you pay the balance in 6 months you pay not interest for purchases up and over {\$290.00}. But if you don't pay within 6 months the add all the interest at the end of the 6 months and it all the same thing. I told her I rather have the interest included in my monthly payment and I didn't and don't want this Promotional Offer. She stated their is nothing they can do. Use another card if I don't want this option. Home Depot has and " Deferred Interest Promotional Offer ", they automatically put on your credit card without your permission. If you spend {\$290.00} and over the interest deferred for 6 months. if you don't pay within 6 months they throw all that interest into your credit card payment at one time. I didn't ask for this offer I don't want this offer and I want it removed from my credit card account.

e. Complaint ID: 3941198

Date Complaint Received: 9/24/2019

I made a promotional purchase with XXXX XXXX (Comenity Bank) and my account was set up for automatic payments to pay off the balance in full during the month the promotional rate was set to expire (\$ XXXX/payments per month up to and including XX/XX/2019). However, the promotional rate expired on XX/XX/XXXX which was prior to the scheduled payment due date of XX/XX/XXXX and I was charged \$ XXXXin deferred interest! It was not clear in the terms and conditions that when you're set up for automatic payments, and the automatic payment

would cover your total balance due in the month the promotion expires that you would need to actually make 2 payments. One payment for any promotional balance and another payment to cover any non-promotional balance. Furthermore, why are banks like Comenity making the promotional expiration date different from the payment due date in the same month? This adds an unnecessary layer of confusion for customers and leads to many, many people getting hit unnecessarily with deferred interest which seems to be playing into Comenity 's favor. I called and asked for the deferred interest to be reversed and they refused even after explaining how having two different due dates in the same month is confusing (I spoke with three different people). I am a long time customer, with an excellent credit score (830+), who has spent tens of thousands of dollars with Comenity and I don't raise complaints lightly. I have to believe this is affecting a large population of consumers who get penalized for situations like what I described above.

f. Complaint ID: 4108571

Date Complaint Received: 2/28/2020

On XX/XX/2018, I made a large purchase at XXXX XXXX in XXXX, Texas for over {\$6000.00} with a promise of interest-free financing for 24 months. After making a down payment, I navigated to the website for my XXXX card to set up recurring payments at the calculated amount to pay off the balance before the 24 months expired. These payments were automatically withdrawn from my account on time each month for two years. At some point during this time, I was encouraged by Comenity to receive paperless statements, and no longer received them in the mail. Instead, each month I received an e-mail with the amount due and the due date. The automatic payments continued and I was excited to have reached the end of the two years of payments only to discover that I had been charged more than {\$1400.00} in deferred interest because the credit card auto-payment date was 8 calendar days after the terms ended. Had I not been persuaded by Comenity at numerous occasions (online, over the phone, and in statements) to elect for paperless billing, I would have been informed of the pending end of my terms and adjusted my final payment. Instead, at every opportunity, Comenity urged me to stop receiving paper statements. Once I elected from electronic statements, I received an e-mail each month with the amount due and the due date for my upcoming auto payment. In none of these e-mails was there a warning of the upcoming ending to the terms of my interest period. After several calls to Customer Service, I was told that it was my responsibility to read the fine print in the statement (which they urged me not to receive in the mailbox). This is unethical behavior and a failure for Comenity to honor their duty of good faith in the execution of the terms of this agreement. They purposely tried to hide this date from me creating obstacles at every turn (messages when calling their customer service, pop-ups on on their website, etc. urging me to use paperless billing). Once enrolled in paperless billing, on several occasions I visited the Comenity website to find that the system was down, unable to display statements, and only accepting payments -- preventing me from being able to view my full statement. Comenity is engaging in unethical practices by purposely hiding this information from consumers and failing to take responsibility and blaming the customer on their oversight of the issue. Alliance Data prides itself as a loyalty company, but this is no way to build loyalty. Comenity is not a court nor the federal government, and therefore does not have a right to impose a penalty, and that is exactly what this charge of over {\$1400.00} is.

SECONDARY ISSUE: Problems caused by electronic delivery of billing statements

g. Complaint ID: 4905914

Date Complaint Received: 4/23/2020

On XX/XX/2020 Comenity Bank via my XXXX XXXX XXXX charged me the deferred interest on a 12 month promotional financing plan at the conclusion of my 12 month cycle. The billing cycle payment date was XX/XX/2020. I have multiple store cards that have promotional financing that syncs the payment date with the expiration of the promo financing. Comenity Bank sticks the expiration in the middle of your payment cycle so that if you're on autopayment you'll miss the expiration and end up having to pay the deferred interest charge. This seems like it's on purpose. We paid our bill on time every money (splitting the balance across 12 months). I phoned Comenity through XXXX XXXX and asked for the reversal of the finance charge of { \$160.00 } as we were only 7 days late (difference between the promo end date and the payment due date of the card). I spoke with a supervisor and was told that they will not do a courtesy reversal. This is an obvious attempt to mislead credit card users by not lining up the promo expiration date with the final payment due date.

IV. Problems caused by electronic delivery of billing statements

a. Complaint ID: 5410708

Date Complaint Received: 4/5/2022

I've been attempting to get CareCredit to correct their errors in charging me interest on promotional purchases I paid off prior to expiration date plus it looks to be that I'm given 12 months or 24 months for the promotional purchase and at 6 months suddenly CareCredit interest charges hit my account? They will not send me my past statements from the year (s) prior and when following their online process to request older statements, their system logs me out of my account each time. I've been able to find some older statements to prove the inaccurate charges but without ALL my statements showing payments/transactions I am unable to calculate exactly how much in inaccurate interest charges are on my balance.

b. Complaint ID: 4739765

Date Complaint Received: 9/21/2021

Their website does not work, there is no phone number to call, and I haven't received a paper statement. Care Credit Synchrony Bank

c. Complaint ID: 3387736

Date Complaint Received: 9/26/2019

You didn't give me a choice for what my issue is, its with Care Credit. I got the Care Credit card because I needed to have my XXXX removed and I just didn't have all the money needed. I was told oh Care Credit and as long as you make you payments in the allotted time they won't charge you interest. If you owe them money after the allotted time they will charge you 26 % interest retractive back to when you made the charge. Great I can do this, I made my payments every month, per what the bill said. I look at my statement this last month and I see over { \$500.00 } in interested added. I called and was told oh you didn't pay enough (obviously) but I paid what I was told and was under the impression that if I made my monthly payments this wouldn't happen. She tells me " Oh you needed to let us know if you wanted that evened out " Seriously.

That she would give me 1 more month to come up with over {\$800.00} to even this out. If I had {\$800.00} I would have paid for my XXXX. I think Care Credit was very deceptive in their practices, I'm thinking okay I'm doing the right thing, I'm making the payments when all along they were rubbing their greedy hands thinking oh she doesn't know she isn't going to have enough at the end of the year. So if anyone reads this be aware that Care Credit isn't the God send they make themselves out to be. DON'T TRUST CARE CREDIT ANY MORE THAN YOU WOULD TRUST XXXX, XXXX XXXX OR ANY OTHER CREDIT CARD. I have been working so hard to get rid of debt, I just paid off 2 credit cards with 26 % interest and now this, anymore here I feel like I'm walking uphill in quicksand.

d. Complaint ID: 437815

Date Complaint Received: 5/13/2021

I opened a care credit card IXXXX XX/XX/2020. First two payments were made at the dentist office but then covid started and the office temporarily closed. However i never received any statements, bills, notifications nor was I given any account information. I had no idea I was being billed as i never recieved anything. My card closed out due to non payment.

e. Complaint ID: 3707540

Date Complaint Received: 4/24/2019

to whom it may concern I was mislead by this credit card by PayPal I received an offer for this credit card with terms saying I have the right to access my transactions making payment redeem my points online anytime I want and I will receive an online statement every month meanwhile ever-since I got this credit card I was blocked from access my account information they send me an email saying I should press the option in the email to be able to see my statement but when I do it tell me login Not permitted and this the same message it tell me every time I try to login to my account to using my XXXX or my lopped or even my desktop .this happening for more than 6 month I am not able to see my statement my transactions or redeem my points that I earn using my own money. I believe the reason behind all that so I can say when they overcharging me from interest and fess giving the fact they blocking from even making payments online which this violates the terms I was giving by them and this make me using the phone system to making payments which it takes me up to 34 minutes to make the payment. Attached screenshot of my attempt to access my account

f. Complaint ID: 3927249

Date Complaint Received: 9/4/2019

Synchrony Bank (operating the Lowe 's credit card) is forcing me to decide if I want my Lowe 's credit card statement by US Mail or by email, but will not allow me to receive both. If I choose to go with the 'online " bill , are my consumer rights altered? In other words, the US mailed billing statement vs. an online statement are technically not the same thing. So are present consumer protection regulations with regards to credit card account billing specific to requiring that the bill be sent by US Mail? And if the latter is true, Synchrony did not disclose this change in my rights (a reduction in my rights) in the original email telling me I was going to be switched to paperless billing (on-line billing ; i.e. a monthly email). So that is complaint # 1. I chose to stick with US Mail (printed bill). I had to click on a link in the notice, described above. When I did I was taken to another web page where I was told : " [you] ... will not have access to your statements online. " At 29.6 % interest rate on this card, Synchrony can not afford to

provide BOTH US Mail and online statements? So that is complaint # 2 I attach a copy of the original email notice and a copy of the screen shot from when I opted to continue with paper billing.

g. Complaint ID: 464290

Date Complaint Received: 1/20/2021

This is the second year Synchrony Bank has automatically switched people to online statements UNLESS you reply to an email. Online statements should ONLY be done at the request rather than forcing customers to opt of online statements and opt in to printed statements. This can cause late fees, missed payments and damage to credit histories. It is misleading.