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Please read this article. It touches on so many of my concerns. The federal government agency that allowed this must be given guidelines that support the consumer. What has happened is unfair. Especially the capricious way decisions are made if late payment is made and how they affect one's credit after many financial penalties. Triple jeopardy if one has a financial problem is unfair practices. The Fed and Congress are considering changes that would make fine-print thievery illegal -- but they may need a little nudge from you. By Liz Pulliam Weston If you're tired of credit card issuers' evil tricks -- fine print that hides fees, rates that soar skyward for little or no reason, bait-and-switch tactics -- now is the time for your voice to be heard. Some of the credit card industry's most egregious practices are finally getting the regulatory and congressional scrutiny they so richly deserve. Consumers this month have the opportunity to weigh in on Federal Reserve reforms and on legislation that could make credit cards a lot more fair. Let's start with the Federal Reserve's proposed changes to Regulation Z, which covers Truth in Lending provisions. The public comment period on the changes is scheduled to expire Oct. 12, so if you want to weigh in, you'd better hurry. The new rules Among other things, the Fed proposes that: "Fixed" should mean "fixed." Those howls you heard earlier this year came from Capital One users who saw their supposedly "fixed" 4.99% rates more than double, with little warning. The users didn't do anything to trigger the higher rate; Cap One just changed its mind about how much to charge. And its decision isn't at all unusual among issuers; I've been advising readers for years that the term "fixed" has no real meaning in current credit card contracts. The Fed is proposing that any issuer advertising a fixed rate must specify how long the rate will remain unchanged. If no time period is specified, the issuer has to keep the rate the same "while the plan is open." Issuers should be clear about what triggers rate increases. If you think you know what could cause your rate to jump, perhaps you haven't read your account agreement closely

enough. Many are filled with vague mutterings about "changes to your creditworthiness" but aren't terribly specific about what that means. A late payment generally triggers a higher penalty rate, of course. But how about a late payment to another creditor? Or carrying too high a balance? Or paying only the minimum for too long? Or exceeding your credit limit, even if the issuer approved the charge? Or having "too many" inquiries on your credit reports? The Fed proposes, shockingly enough, that issuers should be specific about what kind of behavior triggers penalty rates and how long those rates can last. Rates and fees should be clearly spelled out. Now here's a radical concept: The Fed is saying you should know how much you're being charged. Your statement should itemize the rates and actual charges for different types of transactions (purchases, balances transfers and cash advances), while providing separate totals for fees and finances charges for the month and for the year to date. I particularly like that last feature; it's hard to be in denial about what your credit card habit is costing you when your statement spells out the ever-mounting toll. Check out this model form for what a clearer statement would look like. Consumers should get 45 days' notice of any changes, instead of 15. As it stands now, a credit card issuer can change virtually everything about your card for any reason between one billing statement and the next. And given how poorly disclosed many changes are, the first inkling many consumers have that their accounts have changed is a big jump in their required payments. The Fed, again, wants clearer disclosure, plus more lead time. Adding 30 days to the notice requirement allows consumers, in the Fed's words, "to obtain alternative financing or change their account usage." Video on MSN Money House or credit cards? More and more people are willing to give up their house before their credit cards, a Capital One review finds. This advance notice, by the way, also would apply to penalty rates for late payments. Yes, an issuer would actually have to alert you, in advance, before jacking your rate to loan-shark levels. And 45 days might actually give you enough time to find another card, pay down your balance or locate other financing that could save you from usurious rates. You can read more of the proposed changes here (.pdf file), and you can weigh in here or e-mail your thoughts to regs.comments@federalreserve.gov; refer to Docket No. R-1286 in the subject line. Continued: More reform possible But wait -- there's more. Both the House and Senate have held hearings on what needs to be done about credit cards. Actual legislation is likely to be introduced in the House later this month, an effort spearheaded by Carolyn Maloney, the New York Democrat who chairs the Financial Institutions Subcommittee and who this summer issued four "gold standard" principles she said should guide future reforms. The four principles are: Credit card companies should issue cards on terms individuals can repay. Issuers should clearly explain account features, terms and pricing at relevant times. Issuers should provide customers notice and choice with respect to changes in terms. Issuers should encourage responsible, successful credit use, especially among new credit entrants and customers with special needs. 4 foul plays None of those principles sounds all that drastic, but the devil will be in the details. You can expect a big push to eliminate the following four "foul play" practices: Universal default. Under universal default, your credit card issuer would regularly cruise your credit reports and raise your rates if you were late with another creditor. So an error on your credit report, a misunderstanding over a hospital bill or even a traffic ticket (yes, those go to collections now, too) could result in fantastic rate increases on your card, even if you were up to date in your payments. Interestingly, this once widespread practice is finally starting to wither. Citibank has publicly renounced it, and other issuers have more quietly followed suit. But an outright ban would prevent this nasty practice from rebounding once the congressional heat is off. Deceptive billing cycles. Most issuers play fair by using a single billing cycle to determine how much if any interest you pay on purchases. But some use practices, like double-cycle billing, that cause borrowers to essentially pay interest on charges they've already paid off. Chase abandoned the practice earlier this year, saying it was "confusing" to consumers. Anytime, any reason repricing. The Fed's Regulation Z proposals, if adopted, would slow issuers' ability to change rates, fees and terms, but the card companies could still change the rules on a relative whim. Forcing issuers to wait until a card expires (typically every two to four years) might impose some discipline. Pay to pay. Some issuers charge $15 if you want to make a last-minute payment by phone or on the Web. Given how little these transactions actually cost to complete, the fees are egregious. Video on MSN Money House or credit cards? More and more people are willing to give up their house before their credit cards, a Capital One review finds. If you want to weigh in on what you think Congress should do, contact your House representative and your U.S. senators. Columns by Liz Pulliam Weston, the Web's most-read personal finance writer and winner of the 2007 Clarion Award for online journalism, appear every Monday and Thursday, exclusively on MSN Money. She also answers reader questions on the Your Money message board. Published Oct. 1, 2007