

Subject: Regulation AA

Date: Jul 29, 2008

Proposal: Regulation AA - Unfair or Deceptive Acts or Practices

Document ID: R-1314

**Document
Version:** 1

**Release
Date:** 05/02/2008

Name: Randy Navarro

Affiliation:

**Category of
Affiliation:** Other

Address: P.O. Box 501512

City: San Diego

State: CA

Country: UNITED STATES

Zip: 92150

PostalCode:

Comments:

Admittedly paid Citibank CC 10 days past the due date, however, I was under my CC ceiling limit, and was the first time late in a couple years. Nevertheless, that didn't stop Citi from imposing a 29.99% interest rate hike on all past purchases, past balance transfers, and current purchases. The original % for balance transfer was 1% on \$17,500. It was a publish advertisement from Citi. resulting in a monthly payment below \$200/month. According to Citi, due to the late payment, it provided Citi to increase the % rate to the maximum allowable by law, which is 29.99%. This included all past balances, all balance transfers, and all future purchases The resultant minimum payment ballooned from around \$200 to well over \$650/month! I appealed Citi and meet them with all their requirements in an attempt to simple lower the rate to a manageable level, however, Citi maintained the "default" rate increase will remain until the 7th month of current payments. That translates to well over \$2,100 over a 6 month period that can be used to pay down the balance of the CC. Although I have managed to financially stay afloat, this fiasco has cost me dearly. In retrospect, this practice does not benefit any one party. In fact it accentuates and quite possibly forces consumer into a financial quagmire that preys on consumers living financially unstable.

Hypothetically, if I was UNABLE to make all 7 months of continued and on-time payments, the "default" payment interest rate of 29.99% would continue indefinitely. Quite possibly to a breaking point where I, the consumer, would default entirely on the remaining balance. There would be over the limit fees, late fees, and other fees CC companies are allowed to charge the consumer that are defined within the aspects of "default". CC companies and consumer should be more responsible. Yes, I accepted my fate, and have attempted to resolve this amicably, and will move my finances elsewhere, however, this practice is hurting my extended family and friends that are caught in this financial "default" rate trap. As a CC company, CC companies should return to more "caring" and "responsible" business motto. I define this as a parent severing ties financially to an erratic child, spending haphazardly. This translates to cutting off the credit card 'available' balance and assisting the consumer from reducing their balance, by reducing the rate. Eventually, closing the account if the consumer continues. CC companies can also impose more conservative ceiling limits and reducing or eliminating many fees tied to financial "charges" that force the consumer over the ceiling limit. I define that as more responsible and caring. Whereas the consumer, can be strictly "guided" into a financial path by crafting a CC that meets their financial "ability". All CC companies have these models that "grade" the consumer and their ability to "afford" a CC. CC companies can change these models to "assist" the consumer as opposed to pushing them further into financial abyss. This practice benefits the CC companies GREATLY. Let's not convince ourselves otherwise. This great nation is a debtor nation. We buy everything on credit. This is FIRMLY ingrained in the fabric and culture of our environment. We CAN NOT function or change our habits. Admittible so, we as a nation should work together for the benefit of the consumer and the CC companies. This "default" rate should be removed as well as all other fees, in favor of more "responsible" and "caring" motto or rates. Sincerely, Randy Navarro