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Subject: Truth in Lending

To the Federal Reserve:

I have only just learned of your request for comments on credit card-issuer practices. Here are my comments.

When dealing with credit card-issuers, the American consumer is in dire need of protection in order to level the playing field. Credit cards have become an important part of the consumer economy, and are more or less the sole means of doing business in the electronic market place. Credit card-issuers definitely have the upper hand when negotiating with consumers, particularly now that so many banks and merchants have merged or consolidated their credit card operations, vastly reducing competition for the consumer's business.

In reality, except when courting a few large corporations offering the prospect of a very substantial volume of business, credit card-issuers do not negotiate at all. They present the average consumer with what amounts to a contract of adhesion, basically telling him or her to take it or leave it. The contract usually provides that the credit card-issuer may change any or all of the terms at will on very little notice -- sometimes even by simply posting the new terms on a website the customer may never even see -- and that use of the card constitutes automatic acceptance by the customer of whatever terms the issuer may have chosen to put into effect as of the time of use. Even "voting with one's feet" becomes a losing battle for the consumer under these circumstances.

Consumers are desperately in need of the following:

* Minimum grace period after the issuance of the monthly statement, during which payment of the entire balance shown on the statement will prevent additional finance charges and late fees from being assessed. (Card-issuers keep shortening the gap, making it increasingly difficult or impossible for customers to get payments made by the due date.)

* Statements should be postmarked with the actual date of mailing. (Card-issuers frequently take up to 10 days after the statement date to prepare the documents for mailing, using up a substantial portion of the customer's grace period in the process.)

* Reasonable ceiling on the finance charges and late fees that may be assessed.

* Late fees based on a percentage amount (as opposed to a flat fee) should be classified as interest and included in the APR calculations.

* Notice of changes in terms should be required to be given in writing, delivered to each customer by mail (not posted on a website, and not printed on the back of a monthly statement in small, pastel-colored type.)

* Promotional offers should clearly disclose the fees and rates

that
will become effective upon the expiration of any promotional period at
least as prominently as the promotional terms those fees and rates will
replace.

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