

**From:** Christopher Slee

**Subject:** Truth in Lending

Date: May 01, 2005

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Proposal: Regulation Z - Truth In Lending  
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Comments:

@@@I am obviously not the first to be trapped by this scheme: "Other offensive tactics include deceptive marketing, such as bait and switch tactics and trumpeting low APRs that only apply to certain transactions. Then the lenders take the consumers' payments and apply them to the low-APR balances, leaving the high-APR transactions to accrue hefty interest charges. Lenders also slip balance transfer, currency conversion, and other little-noticed fees into the consumer's balance."

The consumer needs an IQ of 130 and eagle eyes to sport these clauses and tricks before being trapped ... this is unconscionable for the average consumer ...

Re: United Airlines Mileage Plus Visa Low Interest Loan Offer

The Chase  
Correspondence, Customer Service  
PO Box 8650  
Wilmington, DE 19899  
Fax: 888-643-9628

cc.

- JPMorganChase Bank Manager, Schaumburg, IL
- United Airlines
- US Senator Richard Durbin
- US Senator Barak Obama
- Representative Melissa Bean
- The Better Business Bureau

Dear Sir

I recently accepted one of your offers of a 1.99% loan for one year ... and got trapped into paying finance charges just as you intended ... but certainly didn't represent at all honestly. Since you apply the payments wherever you want,

you ensure that I can never pay off my credit card balances without paying off the loan first, no matter how much I pay each month

The only way to interpret this is that you made this offer quite deliberately intending to trap me into paying finance charges on my credit balance, something you know I have not done for more than 10 years. You knew I had an existing balance and I use the credit continuously every month. (Cursory database targeting analysis would show I put at least \$3,000 a month thru this card, I have put almost \$100,000 of purchases through in the last 2-3 years, and more that \$500,000 over the last 10+. In all that time I have never carried a balance or paid finance charges.)

Why is this dishonest? ... because you know when you mail the offer I have to go through major hoops to use this check without incurring 15.99% finance charges! And ... you do hide the clever little clause that springs this trap on a separate insert, separate from the check letter, that is thrown away with the other marketing fluff. Then when I phoned prior to using the check your representative told me that the balances would be treated separately so there would be no issues. What a giant misrepresentation! Nothing is further from the truth! No mention of the clever little trap—"let the buyer beware", ethics optional.

Speaking to you representatives to resolve this was very disappointing after a 15 year relationship. The first clearly understood the trap ("it works if you have a zero balance and don't charge anything"—the very antithesis of a credit card!). He urged me to take the option to talk to someone in management. This resulted in a patronizing repetition of a prepared script of how I am paying 1.99% and how the loans are separate! The outcome—an insulting offer to reduce the APR from 15.99% to 13.99%, which ironically means that the real effect of this "loan" offer is was to reduce my APR by 1.99%, not to actually charge me 1.99%. This explaining of the same script (and ignoring the fundamental injustice) suggests you know exactly what the problem is and have invested to be able to respond to it. The second phone call was just as revealing and similarly disappointing.

I am obviously not the first to be trapped by this scheme: "Other offensive tactics include deceptive marketing, such as bait and switch tactics and trumpeting low APRs that only apply to certain transactions. Then the lenders take the consumers' payments and apply them to the low-APR balances, leaving the high-APR transactions to accrue hefty interest charges. Lenders also slip balance transfer, currency conversion, and other little-noticed fees into the consumer's balance."

If I were an average American this would be readily lock me into serious debt. I could have taken the 4 year loan offer(!), bought a car or transferred balances and would not have the resources to pay off this "low-rate loan" or a credit card to use without getting further into debt with hefty finance charges on the rest of my balance. I now appreciate that I may be not one of your better customers because I can pay off the loan!

I think the "Schumer Box" requires some serious revisions! Something is seriously out of whack when the law allows an industry to indulge in such dubious marketing tactics but also includes a bankruptcy bill that holds people of modest incomes accountable for the debts incurred by such tactics for the rest of their lives.

This one bogus, insincere offer leaves me with the following options (a) passively accept serious mistreatment, paying the very high interest rates I avoid, (b) shift resources around to pay off this bogus offer of a "low rate loan", and/or (c) sever my relationships with

- BankOne/JPMorganChase for ... Business Banking  
Personal Banking  
And the United

Mileage Plus Visa Credit Card

- And United Airlines because it makes no sense to fly on one  
airline and earn miles on another!

I trust you will correct this situation immediately and allow me to pay off the existing credit card balances as I have for 10+ years (without an interest payment), and then pay the 1.99% stated on the check/loan offer. For my part, I will cease to use your card until this is paid off to avoid other fees, then I will return to using it after this lull.

Yours hoping that you value my business,

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IP: 24.13.117.142  
User Agent: Mozilla/5.0 (Windows; U; Windows NT  
5.1; en-US; rv:1.7.7) Gecko/20050414 Firefox/1.0.3