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Subject: Truth in Lending

From: Kathy Appel [mailto:kappel6@verizon.net]
Sent: Friday, June 29, 2007 2:14 AM
To: 'regs.comments@federalreserve.gov'
Subject: Comments Docket No. R-1284

I am concerned with consumers being notified of changes - Credit Card vendors should be required to notify consumers both electronically and by paper - unless the consumer is not using paper - if they have opted to use only electronic billing or they are opting to apply electronically for credit - then electronic notices - if they are apparent should work. THE BURDEN FOR PROOF OF CONSUMER NOTIFICATION MUST LIE WITH THE CREDITOR!!!!!!!!!!!!!!!!!!!!

Credit card companies are pushing to persuade consumers to do away with paper statements - yet they complain that electronic notification is a burden. I am going to share my current problem with you because I feel my rights are being seriously violated and no one can help me. I feel I have been a cautious consumer and yet I have suddenly been stuck with a 72% increase on my debt service. My FIXED APR has just been changed from 6.9% to 11.9%. And I am NOT in default!

I always avoid variable rate offers and low interest offers that balloon after a fixed period of time. I seek fixed rates and this information is usually easy to find on both printed and electronic solicitations. The governmental regulations have done a very good job of making sure consumers are informed of variable rates. A lot of time and energy has been spent to inform consumers about and protect them from a low teaser rate turning into a higher rate before the balance is paid. I can't understand why we would expend all this effort to make everyone aware of a variable rate and yet make it so simple for the creditor to raise a fixed rate.

One of my credit card accounts is with Capital One - Over several years I have made several balance transfers to this account at a 6.9% fixed APR. I do not make purchases with this card - I continue to pay down the balance monthly.

I received my April 2007 Capital One statement via mail and paid it electronically on the due date - after paying it I balanced the statement with my financial computer software - these are monthly habits for me I diligently check and review all my statements every month. I noticed that the amount of interest that was usually charged had almost doubled so I scrutinized all the fine print the monthly rate had changed from 6.9% to 11.9% but there was no explanation for the change.

I called the Capital One customer service department and asked why my rate had changed - She informed me the purchase rate had changed - I said they're not purchases they're balance transfers - She then said that balance transfers shouldn't have changed and she would transfer me to a supervisor to fix it. The supervisor told me I had been informed on my February 2007 statement that my account terms were changing. I was online at the time so I pulled up the February Statement there was NOTHING there about any changes. She said there was a comment on the first page of the printed copy of the statement and she would send me a copy. The most she could do to help me was give me a 10.9% APR on my account.

I immediately began contacting consumer protection agencies because I was sure there had to be something to stop them from raising a FIXED interest rate on a whim. I have written to the Pennsylvania Attorney General Consumer Protection Agency it has been more than 7 weeks and the only reply I have gotten is to acknowledge receipt of my letter and assign me a case number. After contacting several Federal agencies I was told to direct my complaint to the Federal Reserve Bank of Richmond, VA so I had written to them as well as writing to Capital One.

After my complaint I received a paper copy of the February statement - that copy is a 4 page statement (2 pieces of paper- 4 sides) - page 1 is marked page 1 of 2 and has a miniscule "***Please Note*** Some of the terms of your account are changing. Please read the enclosed notification." The back of page one is not marked with a page number but I would consider it to be page 2 - this back has a lot of information about Finance Charges - Adjustable Rate changes - billing rights - late penalties - etc. - I read ALL the terms on this page - NOWHERE does it mention that my fixed APR will be changing - all the other account terms that were discussed on that page were acceptable and no cause for alarm. However with this copy there were two more pages a second piece of paper that was NOT included with the original February statement. The face of the second page is marked page 2 of 2 and that page explains three account changes (one being the APR) it then says "see reverse for more information, including how to decline these changes to your account."

The reverse side lists a phone number to call before midnight EST on March 30, 2007. The problem is that the first time I had ever seen this notice was May 14, 2007. For whatever reason these two pages were NOT in my original statement.

In the meantime I received a reply to my letter to Capital One They are stating that the terms of agreement and the initial account solicitation allowed them to change my APR - that they sent me notice in February and a photocopy of the notice so they are correct in raising my rate. I called the gentleman sending the letter from Capital One and explained to him that I did not receive the information until I requested a photocopy. He promised to look into it and get back to me. He sent a second letter May 31, 2007 maintaining that they sent me the change in terms. He states "We regret that you are unhappy with our previous response; however, we continue to uphold our position."

The first response I received from the Federal Reserve Bank supported Capital One's position, I received that just after my conversation with the Capital One representative. I wrote to them again clarifying that I had not received the notice until May. They replied again stating that it was "a matter of fact" between Capital One and myself and there was nothing they could do to help me.

Last week I telephoned the woman who signed the letter from the Federal Reserve because they claim to have sent this statement she can't help me - she was however going to check with the legal department to see if they could raise a rate on balance transfers.

What I pointed out to her and the gentleman from Capital One is that I am an aware consumer - if I had indeed received the notice in February or March it would have been very simple to call the 800 number and opt out. If I had been made aware of the change and the simple solution why on earth would I choose to make all these phone calls and write all these letters. The fact is I did NOT receive that notice.

Maybe it was a simple error - the person or the machine that stuffs the statement envelopes missed a page - or maybe the wrong version of the change in terms was stuffed in my envelope - I have a copy that only mentions two changes - referencing default rates and late fees but NO reference to a change in fixed APR's. Or maybe it was a deliberate oversight for the sake of greed - After all because I was robbed of the opportunity to decline the acceptance of these terms they are enjoying a 72% increase in their income generated by my account. They have my email address and every time I access my account online a window pops up with "Important Disclosures" but fails to mention the change in fixed APR. The electronic statement should be identical to the paper statement but again this important information is deliberately OMITTED from the electronic statement by Capital One.

So as they are trying to encourage us to save a tree by going electronic - they are deliberately omitting important information from these statements and they put a disclaimer in the account terms that tells you to still watch the mail. These are two techniques to line their pockets. First get everyone in the habit of working electronically and the paper mail becomes unimportant to the busy working consumer - Most paper mail from credit card companies is already in the junk mail category because usually it's just a solicitation for another new credit card. Second they will save a lot of money on paper and postage if we all abandon paper statements. Their profits are their only priority. I have tried in good faith to resolve this with them - they have been so contrary to work with and they seem so desperate to hang on to the additional interest earnings that I am even more inclined to think that this was a deliberate ploy to raise the rates and try to slip it by unnoticed. They refuse to restore the original terms and give me the opportunity - my right to decline these changes - I have not used the card and would be happy to pay it off under the 6.9% terms and close out the account. They refuse to be fair to me as a customer in good standing by correcting the rate from 11.9% back to 6.9%. However just last week they sent me an offer to transfer balances from other cards to them at a 9.9 % rate dropping to an 8.9% fixed rate after one year until the balance is paid. Where is the logic in that? I realize that a profit is a good thing but one of the primary functions of a government is to provide checks and balances. So as you are reviewing these rules relating to consumer credit and electronic notification please consider my story - do not be concerned that you are burdening the creditors by adding electronic notification requirements - because they can afford the time, postage, paper and emails to bombard the consumers with solicitations don't let them tell you it's too difficult to disperse important information. They should be required to make as many attempts to impart disclosures that are important for consumer protection as the attempts they make to solicit us. An important notification is no more difficult to convey than a sales pitch. Please consider all aspects of consumer protection when making the rules that govern creditors. Please raise consumer awareness of the insecurities of a fixed rate. I reiterate that we spend a lot of time making sure variable rates are pointed out so that consumers can make informed choices. Most people I speak with have no idea that a fixed rate can ever be raised. Again please do something that puts a burden of proof on the creditor to make sure they dispense important information.

I plan to continue to pursue this with the Pennsylvania Consumer Protection Agency. I could just transfer my balance to another creditor and then Capital One's profit from my account would be reduced to 11.9% of \$0.00. I will still lose money because most creditors are raising rates or charging a 3% fee. In the end if I must I will just move the money rather than have them profit from their greed. I am also using a lot of precious time trying to correct this situation. I am usually not an active participant in trying to right a wrong. I lead a hectic busy life and would normally just transfer

the funds and move on. However I truly feel that my rights have been violated and I suspect that I am not the only citizen in this situation. I also believe that if these creditors are permitted to raise rates so easily that they could cripple our economy.

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