

From: mdevries13@comcast.net on 10/04/2007 02:30:05 PM

Subject: Truth in Lending

Dear Federal Reserve Regulations Board:

Below is an article I just wrote for the Elmhurst College CBE Alumni Association Newsletter. Members of our board had suggested this article also be sent to other papers for greater exposure. I hope you can use the information to help put things right. To me the worst thing about credit cards is the loan-sharking rates they are allowed to charge. Last year when my family needed to cover high medical expenses, I used my credit card with the intent of paying it down the following year when things settled down. I made all the minimum payments on time but because I was near the limit my rate was jumped to 32.98%. How is anyone to recover from that? Fortunately in our case we were able to pay it down. I feel very badly for others whose situation will not allow a quick balance reduction. The credit card companies have been kicking people when they are down. We need a defender. They are untouchable as it stands right now. Please level the playing field. Thank you.

Sincerely,

M.DeVries, MBA

Elmhurst College

CBE Graduate Alumni Association Newsletter

October 2007

Editorial: When Credit Card Due Dates Move

By M. DeVries

There seems to be no real reason for the following ploy beyond tripping up customers so a late fee can be assessed thereby bumping up revenue. I am talking about the practice of credit card companies moving due dates forward. This happened to me this past month. I opened my GM MasterCard bill as it arrived in the mail and noticed the due date had changed from the 16th to the 11th. It was the 5th and I had less than the recommended time (7-10 days) to mail the check. I called MasterCard up and asked why. The supervisor's answer was the company reserved the right to move due dates within a twenty day range without notifying me beyond sending the billing notice and they would not move the date back to the 16th. There was no other reason given for the change. I was livid.

The Internet provided several links to other articles discussing similar experiences including listings of the credit card companies employing the practice. The articles reiterated what I felt all along that the only possible reason for moving due dates ahead was to generate fee-based income. It was particularly irritating for those who had their bills automatically paid through their banks on a given day. These poor souls were trying their best to be timely but were victimized anyway. Based on the hard stance that I received from the GM Credit Card supervisor, I suspect many have had to pay the "artificially late" penalties. This means the credit card company would realize a \$39 late fee (times a couple million); they get to increase your interest rate because you slipped up; they can report your new "internal" rating to the credit bureaus, which could lower your credit score; the lower credit score gives them another reason to jack up your interest rate a month or two later when the data resurfaces.

Credit card companies are financially aggressive starting with where their companies are based - in states that allow the highest possible interest rate assessments. (The upper limits of interest rates are now a crippling 32.96 percent.) They send teaser offers with temporarily low interest rates that quickly jettison upwards. They typically set minimum payments that take twenty or more years to pay back, and they are not selective enough regarding the financially weak (who should not be so indebted with credit).

Customers are tired of hearing credit card companies complain that they "must" charge higher and higher rates because "some" people default. Credit issuers have a duty to lend responsibly. Automatic increases to credit limits should not be handed out like candy. They should be requested and reviewed like they were a new loan. Circumstances of the borrower may have changed and there is no way to determine this without investigation. Additionally, some people wish to keep their limits low particularly if they use that card for only one purchase and want to

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Credit Card Editorial (cont'd from page 1)

limit potential misuse.

We have just seen the real estate market disintegrate before our eyes as a consequence of poor business practices. Many individuals have had their financial positions weakened and cannot handle a pounding from credit card companies too. We don't need more families giving up and filing bankruptcies. All businesses suffer when this happens. To avoid deeper economic injury - stronger regulations are needed for credit card companies particularly in the area of customer creditworthiness, fair rates and customer rights. It is clearly getting out of hand when due dates are moved to generate more revenue. It is not fair to "trick" customers into delinquencies to obtain late fees and increase interest rates. It is not ethical to prey on customers who have followed suggestions from credit card companies to use direct bank withdrawals to ensure timeliness of payments and then move the due date ahead with no warning. It is very disturbing that the list of credit card companies pulling these tactics are among the most prominent in the business.

Be sure to check out this website and also its full, televised story:

<http://www.pbs.org/wgbh/pages/frontline/shows/credit/interviews/mierzwinski.html>. This is a true eye-opener to the power of the Credit Card

Industry. Below are additional groups that can provide counseling or information:

Americans for Fairness in Lending

<http://www.affil.org>

Consumer Federation of America

<http://www.consumerfed.org>

National Association of Consumer Advocates

<http://www.naca.net>