From: debbie goldenberg <debgoldenberg@yahoo.com> on 07/27/2008 06:05:03 PM

Subject: Regulation AA

Please address this practice in your credit card regulation reform:

The credit card I use is with Capital One. I have found them over the years to generally be reasonable in setting rates and dealing with my limited concerns. But I am dissatisfied by a confusing system they have in place when assigning interest fees to balances (not past due). Their explanations to me, a layman of economics, seems to be calculation gymnastics. Here is how it goes:

My bill includes current charges added to an unpaid balance from past months. The rules say that I have a grace period of 25 days, so I figure the new charges should not be assigned interest fees. But read down the fine print several paragraphs, and it states that if a past balance exists, there is no grace period, the interest fees accrue for the entire balance. I suppose they start adding up the day of the new purchase, but it seems too complicated for me to figure this out on my own. This practice, to my mind, should not be lawful, new purchases should not be charged interest until I have a bill that allows me to pay it off in time. But, this situation is stated in the fine print, so I have agreed to that, although I did not understand this when I signed on. But say I accept this policy. I pay off the entire balance, old and new charges, on this monthly bill. Over the NEXT month I use the card some more. On my NEXT bill, they still charge interest
fees! Even if I pay off this bill immediately, with the charges only being made days before the bill was issued, I still pay fees. As I have said, their explanation for why this happens, and they can do it now lawfully, seems convoluted and confusing to me.

I think that ALL charges made during the grace period--and it should be in place 30 days or 45 days, not said 25 days prior to billing, from the day after the bill is printed, to allow time to send the payment in--should not be assigned interest fees, whether or not there is a balance from previous months. Only the older charges should be accumulating the interest. Of course, I understand that my payment will pay the older purchases first, and the balance including the new purchases will start accruing interest next month. So the company will still earn interest payments from my unpaid balance, they do not need to also collect interest on a few newer purchases made after that.

The extra that I pay for this system is really a very small amount, maybe 2 to four dollars extra per month, but it is a significant proportion of the interest fees I do pay, as I try to pay off as much as I can each month, sometimes catching up and sometimes not. But it is confusing for the consumer, and would save the credit card the time to crunch the algorithm that tacks on the extra percentage. And I would not feel that I am being nickel and dime-d, and perhaps "cheated" in other transactions as well, who knows! Simplifying the interest policy would be better for everyone.

At the very least, the abolition of a grace period WHEN THERE IS A PREVIOUS BALANCE needs to be clearly stated with a simple way to calculate interest so that the consumer knows ahead of time how much extra new charges are actually going to cost.

Thank you,
Debra Goldenberg
Castro Valley, CA