

**From:** "Linda Kovathana" <lkovathana@gmail.com> on 07/26/2008 03:10:09 PM

**Subject:** Regulation AA

Dear Sir/Madam:

I would like to add my latest credit card horror story -- perhaps it will assist in crafting new regulations that will curtail unfair practices.

Earlier this year, in late February 2008, I responded to a mailer from U.S. Bank for a VISA. The terms that are displayed in large graphics were as follows:

Fixed 0.00% introductory APR on purchases and fixed 3.99% APR on balance transfers until 2013! (exclamation point is theirs).

I called, discussed the terms, and decided it would be better to pay a whopping 569.59 in balance transfer fees, than have my credit card balance sit in an 18% APR account. I made the transfer in February, and both Citibank and U.S. Bank documentation indicates that the balance transfer did not go into effect until April 10, 2008. In the meantime, I received the actual credit card in the mail on March 19, 2008. It took a lot of calling and research, but I found out the U.S. Bank address to which I could make payment right away. Once I found out the details, I set up an online automatic payment to issue from my Citibank account. The payments were issued as follows:

The first U.S. Bank paper statement was received May 1, 2008 and indicated the following:

Next payment due date May 12, 2008.

Statement date for March 26, 2008 to April 22, 2008: finance charges 0.00, minimum payment due each month \$187.00.

My records indicate: Citibank issued a check on 4/18/08 for \$350.00, closed by U.S. Bank on 4/23/08 (five days to process).

I have both Citibank and U.S. Bank documentation to prove this payment was made and accepted by U.S. Bank. U.S. Bank does not dispute the date of receipt, does not dispute the amount of this payment, and does not dispute that it was clear that this was the purpose and account for which I was forwarding the funds.

Next payment due date June 12, 2008?

No U.S. Bank statement was received for the period April 23, 2008 to May 23, 2008.

(note that when I called, that was one of the first questions they asked: "Did you receive a paper statement?")

I was told that I already had a May 16, 2008 late fee of 39.00

I was told that I now had a May 24, 2008 additional finance charges of 119.23 assessed

My records indicate that Citibank had already issued on 5/18/08 for \$450.00 closed by U.S. Bank on 5/27/08 (nine days to process). This was clearly half a month before it

was due.

Next payment due date July 19, 2008 (I did not request a date change; U.S. Bank issued the statement indicating this)

The U.S. Bank statement for the period 5/23/2008 to June 24, 2008 was issued and read as follows:

June 16, 2008 late fee of 39.00

May 24, 2008 finance charges of 488.34 at 29.24% variable rate interest. Minimum payment now due is \$712.00, and the minimum payment past due is \$145.00. My total balance due to U.S. bank on June 22, 2008 had now exceeded the amount I initially borrowed on April 10, 2008 because they were piling on the charges at a rate of 29.24% APR.

Citibank issued a check on 6/18/08 for \$450.00, closed by U.S. Bank on 6/26/08 (eight days to process)

Things had clearly gotten out of hand. I have been paying by about a half month ahead of time, and U.S. Bank was assessing giant finance charges at a variable rate greater than the fixed rate I had agreed to pay.

I called on or around July 19, 2008 to straighten this out. I had to threaten to make copies of all documentation and forward it along with a complaint to the Illinois Attorney General Office of Consumer Fraud before they would fix this. We eventually worked things out. The variable rate status was moved back to fixed rate status.

The essence of my complaint is that from U.S. Bank's point of view I was late with my payments. From my point of view, I was being early and proactive on making my payments, given that the first payment was not due until May 12, 2008, and my first check cleared on April 23, 2008. From my point of view, I was paying much more than my minimum payment due, and they had rearranged the payments in their favor to make it seem as if I had violated the terms.

I called U.S. Bank recently to make sure that they had followed through on their promise to amend my account. It appears that they have. But had I not invested so much time in record keeping, drafting letters of complaint, and calling the lender one or two times a month, I would have been plowed under a mountain of debt from assessed finance charges that I clearly did not deserve.

This is not the only credit card lender that follows this practice. I have had many undeserved charges racked up at The Gap, Old Navy, simply because I wanted to pay ahead of time. I pay ahead of time to make sure it gets done when I have the time to pay, and the available funds. I sometimes pay if I have bought the kids a lot of clothes somewhere, and want to remember to pay before finance charges are assessed. But according to the current rules, they are allowed to send back the funds in a check (I'm not kidding), and then assess late fees and finance charges.

What is the appropriate remedy? Account holders (consumers) should be given two

cycles worth of statements to allow the lender to true-up the payments against the amount owed. It is usury to force the payer to pay in the narrow window of time in order to be considered as complying with the terms of the agreement. Paying early should not be as readily penalized as it is clearly happening now. Case in point: I just called U.S. Bank today to find out if everything was OK. Yes, it was nearly as I expected, in terms of crediting my account for the late fees and extra finance charges. However -- and this is not too amusing -- U.S. Bank has changed the date the minimum payment will be due by three days!! (I was going to be August 19th, but now is August 16th).

The additional change I would like is that lenders should not be allowed to mail back "refunds" on store credit cards as soon as they receive it, thinking there is no outstanding balance due. The card holder clearly thinks there is a balance due, they should have to wait two weeks to true-up the account before sending a refund.

Thanks, and please do something about these unfair practices.

Linda Kovathana  
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