

Subject: Regulation AA

Date: Jul 31, 2008

Proposal: Regulation AA - Unfair or Deceptive Acts or Practices

Document ID: R-1314

Document

Version: 1

Release
Date: 05/02/2008

Name: Linda M D'Agostino

Affiliation:

Category of
Affiliation:

Address: P.O. Box 96

City: South Newfane

State: VT

Country: UNITED STATES

Zip: 05351-0096

PostalCode: 05351-0096

Comments:

I would like to thank CNN for advising me of this site thus allowing me to make a comment. I am sorry to admit that I would not have known of this opportunity otherwise. I long for the days when, if you signed up for a credit card, the rates that you signed on for were the ones that stayed with you for the life of the account. The practices in place now by credit card companies are just short of loan sharking. In fact, I am not sure you would not be better off with a loan shark. (I only know of them from what I have seen on TV so I admit I cannot say that with any certainty.) The interest rates are a major insult. First, fixed rates are rare. The majority of card offers I have seen are variable and leaves the credit card industry with A LOT of leeway. They not only can change the rate itself but also can change the margin that they add on to whatever source they used to fix their interest rate. They can even change the source. Changing to a default interest rate is another insult. It does not matter if you are one-hour late, for an online payment, or 30 days late. I was charged a late charge for being 15 minutes late with an online payment because of a server problem. They say they cannot be responsible for that and you should take that into consideration when you pay online. In the instance of a late

mailed payment, they will not consider the postmark as evidence that it was mailed in time for the due date. Talk about inflexibility! Another aspect default is that they can change the rate no matter whom you may have paid late. It does not matter if it is their card, some else's card, or even your electric bill. It will not be long before they will catch you on an overdue library book! As I have said, the amount of time you are late matters not one iota. Then there are the membership fees. I realize that if you apply for a card with a membership fee, you are doing so with your eyes wide open and should be held responsible for such. We did and we were but we recently have been having a big problem with one card issuer. In September 2006, we paid off a card my husband had and destroyed the card. We could not close the account except by sending a letter, which we did in May 2007. We have not heard a word from them until this past May, when we received a statement saying that our membership fee would be charged and show on the next month's statement. We sent them another letter requesting that the account be closed and enclosed a copy of the original letter from 2007. In June, true to their word, we received the statement with the membership fee charge shown. We sent them another letter asking them what was the problem with us closing our account, telling them we did not feel responsible for paying a membership fee on a closed and inactive account, and we would not continue to write letters every month requesting the account be closed. Originally, we had also asked that they report to the major credit bureaus that the account was closed at our request. Well here we are in July, in comes rolling another statement with not just the charge for the membership fee but a late fee charge as well. They have not increased the interest rate yet but I am sure that will be on next month's statement. Just as a matter of interest, when we applied for this card the interest rate was 8.99%. After about six months, it went up to 14%. Then the original issuer sold the account and the interest rate went up to over 20%. If this is not highway robbery, I do not know what is! The killer is that the same banks that are practicing these interest rate hikes on their credit cards are giving less than 1% interest on their savings accounts. Now tell me they are not making a profit at the consumer's expense. What about the cards that offer a promotional low interest rate for a set amount of time then raise it and apply payments to the lower rate charges first. People are usually aware of the promotion when they apply but some do not realize how the payments will be applied after it is over. This allows the issuer to add the higher finance charges to your balance, which in turn allows even higher finance charges the following month. Oh no, they are not making a profit, they are almost as bad as the oil companies. Someone has to come to the defense of the consumer when dealing with the credit card companies. This proposal is a beginning and in this day's economy, it will help.

