From: Pam Ozaroff

Subject: Regulation Z - Truth in Lending

Comments:

I haven't seen or heard this credit card issue mentioned in the discussion of reforming the industry: Why are credit card companies allowed to charge a full month's interest on the average daily balance of an account regardless of when a payment is made or for how much? This is what happened to me:

I have a credit card whose balance I almost always pay in full every month by the due date. The interest rate has inched up over time (after the teaser rate), but I haven't worried about that because I don't carry a balance. However, because my husband and I use the card for almost all our purchases (so that we can earn points), my monthly balance is usually pretty high. A few months ago, I wasn't able to pay the full balance on the due date because I was waiting for a paycheck. So I paid most of the balance on the due date and then the remainder of the balance a couple of days later. These figures and dates are for example only: I had a total balance of $xxxxx, and the due date was November 1. I paid $xxxx on November 1, and the remaining $xxxx on November 3. Here's the problem: Rather than being charged interest on $xxx for 2 days, I was charged interest on my average daily balance (over the course of year) for the full month. My average daily balance is something like $xxxxxx (even though I pay it off every month)! So instead of paying interest on what was essentially a 2-day loan of $xxx, I paid interest on what Chase considered a 30-day loan of $xxxxx.

This credit card practice is ridiculous (and usurious) and needs to be reformed.

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