

Six Credit Card Secrets Banks Don't Want You to Know

Source: Massachusetts Executive Office of Consumer Affairs and Business Regulation

1. Interest Backdating

Most card issuers charge interest from the day a charge is posted to your account if you don't pay in full monthly. But, some charge interest from the date of purchase, days before they have even paid the store on your behalf!

REMEDY: Find another card issuer, or always pay your bill in full by the due date.

2. Two-Cycle Billing

Issuers which use this method of calculating interest, charge two months worth of interest for the first month you failed to pay off your total balance in full. This issue arises only when you switch from paying in full to carrying a balance from month to month.

REMEDY: Switch issuers or always pay your balance in full.

3. The Right To Setoff

If you have money on deposit at a bank, and also have your credit card there, you may have signed an agreement when you opened the deposit account which permits the bank to take those funds if you become delinquent on your credit card.

REMEDY: Bank at separate institutions, or avoid delinquencies.

4. Fees Are Negotiable

You may be paying up to \$50 a year or more as an annual fee on your credit card. You may also be subject to finance charges of over 18%.

REMEDY: If you are a good customer, the bank may be willing to drop the

annual fee, and reduce the interest rate you only have to ask! Otherwise, you can switch issuers to a lower- priced card.

5. Interest Rate Hikes Are Retroactive

If you sign up for a credit card with a low "teaser" rate, such as 7.9%, when the low rate period expires, your existing balance will likely be subject to the regular and substantially higher interest rate.

REMEDY: Pay in full before the rate increase or close the account.

6. Shortened Due Dates

Most card issuers offer a 25 day grace period in which to pay for new purchases without incurring finance charges. Some banks have shortened the grace period to 20 days but only for customers who pay in full monthly.

REMEDY: Ask to go back to 25 days.

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