

# NEWS FROM SCDCA

South Carolina Department of Consumer Affairs



Brandolyn Thomas Pinkston, Administrator

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SCDCA Media Contact: Maria Audas, 803.734.4296

1.800.922.1594 (toll free in SC)

Email: [scdca@sconsumer.gov](mailto:scdca@sconsumer.gov)

## FOR IMMEDIATE RELEASE

### CONSUMER AFFAIRS EXPLAINS CURRENT AND FUTURE CREDIT CARD CHANGES

**Columbia, SC....** Whether or not you are familiar with the Credit Cardholders' Bill of Rights Act that was signed into law last May by the president, expect some changes to be implemented by your credit card companies. Some of these changes are already in effect and even more changes are coming in the near future. Familiarizing yourself with changes now will help eliminate much of the concern and confusion that will otherwise catch you off guard down the road. Here's exactly what you can expect.

#### **Good Changes**

*Effective IMMEDIATELY...*

- You have a right to reject a rate increase or other significant change. Credit card issuers must provide you a 45-day advance notice before a rate increase or other significant change, giving you time to accept or reject the new term(s). This means that you'll have the opportunity to opt out and pay off the card at the old terms. If you decide to reject the changes and close your account to avoid the new terms, the credit card issuer won't be able to charge a penalty fee for closing your account, place you in default because you close your account while you still owe a balance, or require you to pay your balance in full immediately. NOTE: Opting out or rejecting the change means that you can no longer make purchases with the card.
- Bills must be mailed 21 days prior to the due date, or payments cannot be considered late. This changes the current 14-day requirement. You should use the additional 7 days as a safety net to ensure that your payment arrives in a timely manner.

*Effective February 2010...*

- Creditors cannot increase the APR, fee or finance charge applicable to outstanding balances except in limited circumstances. The card issuer, however, can require you to pay back the balance over five years, or double your previous minimum monthly payment.

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About the South Carolina Department of Consumer Affairs:

Established by the Consumer Protection code in 1974, The South Carolina Department of Consumer Affairs represents the interests of South Carolina Consumers.

Our mission is to protect consumers from inequities in the marketplace through advocacy, mediation, enforcement and education.

For more information, visit [www.sconsumer.gov](http://www.sconsumer.gov).

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- The consumer must consent to being charged an over-the-limit fee before a creditor can impose one.
- Payment exceeding the required minimum payment must be applied first to the balance with the highest interest rate, then in order of decreasing rate.
- Payment deadline must be at 5:00 p.m. on the due date.
- Payment must be due on the same date each month. If this date falls on a non-business day, payment is due the following business day.
- Adults under age 21 cannot obtain a credit card unless they are able to repay the debt on their own, or they have a co-signer that is:
  - 1.) 21 years or older
  - 2.) Able to repay the debt and
  - 3.) Held jointly liable for the debt.
- Companies must tell the consumer how long an introductory rate lasts and what the APR will be following the increase.
- Creditors must tell consumer how many months it will take to pay off a balance, if only the monthly minimum payment is made. The consumer must also be shown the monthly payment amount and total cost required to pay off the balance in 36 months.

### **Not-So-Good Changes**

The legislation also includes some changes that consumers may find not-so-good. For example, your credit card company may now start charging you an annual fee to recoup the price gouging profits that it will no longer receive. In addition, some credit card companies have stated the following:

- Consumers will have a harder time getting a card.
- Interest rates will be raised.
- Risky borrowers may simply be out of luck.
- Credit limits may be decreased.

For more information on the Credit Cardholders' Bill of Rights Act, contact the Public Information Division at 803.734.4296, toll free at 1.800.922.1594 or online at [www.sccconsumer.gov](http://www.sccconsumer.gov).