

This report is specifically written for USA residents.  
Although Canadian residents can benefit just as much.

# The Confidential Credit Card Report The Authorities Are Hiding From You!

## VOLUME 1



## Introduction to Credit Cards:

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### **Credit cards are a great financial tool, offering many benefits:**

- They can be safer and more convenient to use and carry than cash
- Credit cards offer the ability to buy goods and services now and pay for them later
- They have valuable consumer protections under the law
- Major credit cards are accepted by merchants around the world
- They may provide a source of cash or payment in an emergency
- Credit cards can guarantee hotel or travel reservations
- If you are not happy with a purchase you made using a credit card, you may have the right to withhold payment until the problem is resolved

At the same time, having a credit card is a big responsibility. If you do not use it carefully, you may owe more than you can repay, damage your credit report, and create credit problems for yourself that can be difficult to fix.

To qualify for a credit card you must be at least 18 years old and have a regular source of income. Despite invitations from credit card issuers, you will still have to demonstrate that you are a good risk before they grant you credit. The proof is in your credit report.

Before you submit a credit card application, you may want to obtain a copy of your [credit report](#) to make sure it is accurate. If you are new to this country and you do not have a credit history, start by reading our article: [How to Establish Credit](#).

The information in this section will help you make informed decisions about credit cards, including how to compare credit cards, terms to focus on in credit card offers, and steps for identity theft protection.





## Compare Credit Cards:

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**SIDE NOTE:**

For instant credit card comparisons and reviews, go now to: <http://www.Direct-Credit-Card.com>

We highly recommend that resource. And also check out the articles in the “Resource” section. You’ll find tons of money saving, credit management and credit card related “MUST KNOW” information!

Credit card issuers offer a wide variety of terms. When you see credit card offers, consider and compare credit cards terms, including the following, before you select a credit card:

### **Annual Percentage Rate (APR)**

The cost of credit as a yearly interest rate. *Low interest credit cards* are a good choice for those who plan to maintain a balance on their account (not pay the full amount each month).

### **Free or Grace Period**

Allows you to avoid any finance (interest) charge by paying your credit card balance in full before the due date. If there is no free period, you will pay a finance charge from the date of the transaction, even if you pay your entire balance when you receive your credit card bill.

### **Fees and Charges**

Many credit card issuers charge an annual fee for granting credit to you (\$15 to \$55 for most cards, and from \$75 on up for premium gold and platinum cards); many also charge a fee for a cash advance or if you fail to make a payment on time or if you go over your credit limit. Some charge a flat monthly fee whether or not you use the credit card.

If you pay credit card bills in full each month, the size of the annual fee or other fees will be more important. If you carry a balance, the APR and the method of computing your balance are key terms to consider as you compare credit cards.

- Obtain all credit card terms and fees in writing, including whether a deposit is required.



## Precautions for Credit Card Offers and Credit Card Use:

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Credit cards can provide tremendous benefits. Unfortunately, many people make mistakes when comparing credit card offers and using credit cards, and then pay the consequences later with extra costs, excessive debt, and frustrations that could have been avoided. Here are some errors many consumers make and tips to avoid them.

- If you get a credit card offer with no annual fee, be sure to consider whether the interest rate (APR) is higher than what you are currently paying. You could end up paying far more in interest charges than on annual fees.
- If you are attracted to credit card offers with free airplane tickets, bonus points toward trips or cars, cash rebates, the logo of a favourite organization or sports team on a card, or other "rewards," keep in mind that you could end up paying more in fees or interest than the value of the "freebies."

This does not include cases in which people buy items they might not otherwise buy- just to rack up more points or miles on their credit card.

- If you expect to pay your credit card bill in full each month, your best bet is a credit card with no annual fee and the kinds of rebates or rewards you expect to use the most.

If you do not expect to pay your credit card balance most months, focus on *low interest credit cards* (with a low APR) and the right mix of rebates or rewards to justify any fees.

- Keep in mind that credit card offers may include a promotional interest rate that increases after six months or so. Also, there may be a low introductory rate that only applies to balances you transfer to your card from other loans or credit cards you have, and not to any new purchases you put on the credit card. Be aware that an interest rate advertised as "fixed" still can be changed with advance notice to credit card holders. If your credit card company does raise your interest rate (APR) for any reason, that new rate usually will apply to any outstanding balance plus new purchases.
- If you routinely carry a balance on your credit card, pay closer attention to how your interest is calculated.

The most common methods for consumers is the "average daily balance" approach, where you would have a 15- to 30-day "grace period" to pay before incurring charges on the daily average for that period.

However, a few credit cards have much costlier calculation methods, including the "two-cycle" system. Under that method, if you pay in full one month but only pay part of the bill the next month, you'll be charged interest for both





highest-rate credit card accounts first (those that charge the highest percentage of interest), even if you have higher balances on others.

Also, you can pay for future purchases using a debit card, which deducts funds directly from your bank account.

There also are reliable credit counsellors you can turn to for help at little or no cost. Unfortunately, there also are scams masquerading as "credit repair clinics" and other companies that charge big fees for unfulfilled promises or services you can perform on your own.

- Be careful to pay your credit card bill or you may face interest charges on the outstanding balance plus your new purchases.

Do not pay with a check that will bounce (when there is insufficient funds in your checking account), and do not exceed your credit limit or you can end up paying \$20 to \$30 penalties.

- "Cash advances" (such as using your credit cards to obtain cash at an ATM or teller window, or using one of the blank "convenience checks" that credit card companies send to you) can carry sizable up-front fees (often two percent of the amount advanced and not less than \$2), which may translate into a higher interest rate than when you normally use your credit card for purchases. Plus there is usually no grace period before interest begins accumulating for cash advances.

It may be better to write a check from your bank account, use a debit card, or charge normally rather than paying in cash.

- If you skip a credit card payment, or pay only the minimum required each month, when you really can afford to pay the balance, you will pay more money in interest charges than necessary (it could add up to thousands of dollars and a debt that takes 10 or 20 years longer to pay than necessary).

Also, your credit card company may begin to see you as a higher risk and decide to increase your interest rate (APR).

- Credit card issuers are required to give you notice (typically at least 15 days) before increasing your interest rate, lowering your credit limit, adding fees and penalties, reducing or eliminating your grace period or cutting back on bonus programs.

Be sure to monitor your monthly billings or other mailings from your credit card company, or you could end up paying more than the original credit card offer, without even realizing it.

- Check your monthly credit card statements for over-billings. If there is a problem with your monthly bill, immediately call your credit card company's



## When You Receive Your Credit Card:

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Once you receive your credit card in the mail, sign it immediately so no one else can use it. The accompanying papers have important information, such as customer service telephone numbers and where to call if your credit card is lost or stolen.

Keep this information in a safe place. There will usually be instructions to call the credit card issuer in order to activate the card. Many credit card issuers require this step to minimize fraud and to give you additional information.

Keep your credit card account information to yourself, and do not lend your credit card to anyone, even to a friend. Never give out your credit card number or expiration date over the phone unless you know with whom you are dealing. A criminal can use this information to steal money from you, or even to assume your credit identity.

If your credit card is lost or stolen, you are not liable for any charges if you report the loss before the credit card is used. If the credit card is used before you report it missing, the most you will owe is \$50.

Keep copies of credit card sales receipts and compare charges when your bill arrives. Promptly report any questionable charges to the credit card issuer - if you call first, make sure you also send them details in writing.

When you have used your credit card for a purchase and you do not receive the goods or services as promised, you might be able to withhold payment for the goods or services. Contact your credit card issuer - they must investigate billing disputes by law - and be sure to send details in writing.

Protect your credit record. Pay bills promptly to keep finance charges low and to protect your credit rating. Keep track of your credit card charges and do not exceed your credit limit. Report any change of address prior to moving, so that you receive bills promptly.

While a credit card makes it easy to buy something now and pay for it later, you can lose track of how much you have spent by the time the bill arrives if you are not careful. And if you do not pay your bill in full, you will probably have to pay finance charges on the unpaid balance.

If you continue to charge while carrying an outstanding balance on your credit card, your debt can snowball. Before you know it, your minimum payment is only covering the interest. If you start having trouble repaying the debt, you could tarnish your [credit report](#) and make yourself a higher risk. That can have a sizable impact on your life.

A negative credit report can make it more difficult to finance a car or home, get Insurance, and even get a job.

## **Your Credit Card Rights and Protections:**

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Federal law protects consumers when they use credit cards. The protections include the following items:

### **Prompt Credit for Payment**

A credit card issuer must credit your account on the day the issuer receives your credit card payment, unless the payment is not made according to the creditor's requirements or the delay in crediting to your account does not result in a charge. To avoid delays that could result in finance charges, follow the credit card issuer's instructions about where to send payments.

Credit card payments sent to other locations could delay getting credit for your payment for up to five days. If you lose your payment envelope, look on the billing statement for the payment address or call the credit card issuer.

### **Refunds of Credit Balances**

When you return merchandise or pay more than you owe, you have the option of keeping the credit balance on your account or requesting a refund (if the amount exceeds \$1.00). To obtain a refund, contact the credit card issuer.

The credit card issuer must send you the refund within seven business days of receiving your request (to protect yourself, make the request in writing). Also, if a credit balance remains on your account for more than six months, the credit card issuer must make a good faith effort to refund the credit balance.

### **Errors on Your Credit Card Bill**

Federal law provides specific rules that the credit card issuer must follow to promptly correct billing errors. The credit card issuer will give you a statement describing these rules when you open the credit card account and, after that, at least once a year. In fact, many credit card issuers print a summary of your rights on each bill they send you.

You must notify the credit card issuer in writing at the address specified for billing errors when you find an error, and you must do so within 60 days after the first bill containing the error was mailed to you. (For this reason, keep your credit card receipts and promptly compare them when your bills arrive.)

In your notification letter, include your name, your credit card account number, the amount of the suspected error, and the reason why you believe that the bill contains an error. The credit card issuer, in turn, must look into the problem and either correct the error or explain to you why the bill is correct.

This must occur within two billing cycles and not later than 90 days after the credit card issuer receives your billing error notice. During the period that the credit card issuer is investigating the error, you do not have to pay the amount in question.

### **Unauthorized Credit Card Charges**

Under federal law, if your credit card is used without your authorization, you can be held liable for up to \$50 per card. If you report the loss before the credit card is used, federal law says the credit card issuer cannot hold you responsible for any unauthorized charges. If a thief uses your credit card before you report it missing, the most you will owe for unauthorized charges is \$50.

This is true even if a thief is able to use your credit card at an automated teller machine (ATM) to access your credit card account.

To minimize your liability, report the loss of your credit card as soon as possible. Some credit card companies have toll-free numbers printed on their statements and 24-hour service to accept such emergency information. For your own protection, you should follow up your phone call with a letter to the credit card issuer.

The letter should give your credit card number, say when your credit card was missing, and mention the date you called in the loss. For more information, see [Identity Theft Protection / Identity Theft Prevention \(What to Do if Your Identity is Stolen\)](#).

### **Disputes about Merchandise or Services**

If you have a problem with merchandise or services that you charged to a credit card, and you have made a good faith effort to work out the problem with the seller, you have the right to withhold from the credit card issuer payment for the merchandise or services.

You can withhold payment up to the amount of credit outstanding for the purchase, plus any finance or related charges.

If the credit card you used is a bank card, a travel and entertainment card, or another card not issued by the seller of the defective merchandise, you can withhold payment only if the purchase exceeded \$50 and occurred in your home state or within 100 miles of your billing address.

If these conditions do not apply to you, you may want to consider filing an action in small claims court -- an informal legal proceeding that can be used to settle disputes.

While the maximum amounts that can be claimed or awarded differ from State to State, most small claims courts hear cases involving amounts ranging from \$25 to \$2,000.



## Where to Go for Help with Credit Card Issues:

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### Identity Theft or Fraud

If someone has used your credit card number or other personal information, or if you have been a victim of fraud, see [Identity Theft Protection / Identity Theft Prevention \(What to Do if Your Identity is Stolen\)](#).

### Complaints about Your Credit Card Issuer

The following federal agencies are responsible for enforcing federal laws that govern credit card transactions. Questions concerning a particular credit card issuer should be directed to the enforcement agency responsible for that issuer.

#### **State Member Banks of the Reserve System**

Consumer and Community Affairs  
Board of Governors of the Federal Reserve System  
20th & C Sts., N.W.  
Washington, D.C. 20551

#### **National Banks**

Comptroller of the Currency  
Compliance Management  
Mail Stop 7-5  
Washington, D.C. 20219

#### **Federal Credit Unions**

National Credit Union Administration  
1776 G St., N.W.  
Washington, D.C. 20456

#### **Non-Member Federally Insured Banks**

Office of Consumer Programs  
Federal Deposit Insurance Corporation  
550 Seventeenth St., N.W.  
Washington, D.C. 20429

#### **Federally Insured Savings and Loans, and Federally Chartered State Banks**

Consumer Affairs Program  
Office of Thrift Supervision  
1700 G St., N.W.  
Washington, D.C. 20552

**Other Credit Card Issuers** (includes retail/gasoline companies)  
Division of Credit Practices





## What is a Credit Report (and How Do I Get Mine)?

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A *credit report* is a consumer report that contains information about where you work and live and how you pay your bills. It also may show whether you have been sued or arrested or have filed for bankruptcy. Companies called consumer reporting agencies (credit bureaus) compile and sell your credit report to businesses. Because businesses use this information to evaluate your applications for credit, insurance, employment, and other purposes, it is important that the information in your credit report is complete and accurate.

Some financial advisors suggest that you periodically review your credit report for inaccuracies or omissions. This could be especially important if you are considering making a major purchase, such as buying a home. Checking in advance on the accuracy of information in your credit report could speed the credit-granting process.

Because more than one consumer reporting agency (credit bureau) may have a credit report on you, some with different information, you may want to review a comprehensive credit report including information from all three major national credit bureaus, from a service such as [Consumer Info](#). If you prefer, you may contact each credit bureau directly to obtain or purchase your credit report. Their websites are listed at the bottom of this page. You may also call the credit bureaus listed in the Yellow Pages under "credit" or "credit rating and reporting."

You may also consider using a [credit report monitoring service](#). These services monitor your credit reports at the major credit bureaus and inform you when there are any significant changes. You should learn immediately if any problems arise, and many services even inform you every time inquiries are made into your credit report.

**Important:** If you have been denied credit, insurance, or employment because of information supplied by a credit bureau, the law says that the company you applied to must give you the credit bureau's name, address, and telephone number.

If you contact the credit bureau for a copy of your credit report within 60 days of receiving a denial notice, the credit report is free.

In addition, you are entitled to one free copy of your credit report a year if you can prove that:

- (1) you're unemployed and plan to look for a job within 60 days,
- (2) you're on welfare, or ...
- (3) your credit report is inaccurate because of fraud.

If you live in Colorado, Georgia, Maryland, Massachusetts, New Jersey or Vermont, State law requires credit bureaus to provide you a free copy (two in Georgia) of your









## Identity Theft Protection / Identity Theft Prevention?

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When an impostor co-opts your name, your Social Security number, your credit card number, or some other piece of your personal information for their use and appropriates your personal information without your knowledge, it is a crime of identity theft.

You may not know you are a victim of identity theft until you notice that something is wrong.

You may get bills for a credit card account you never opened, your credit report may include debts you never knew you had, a billing cycle may pass without your receiving a statement, or you may see charges on your bills that you did not sign for, did not authorize, and do not know anything about.

### Take control of the situation:

- The [Federal Trade Commission](#) is the federal clearinghouse for identity theft protection and identity theft prevention. The complaints about identity theft that the Commission receives help it, and other law enforcement agencies, track, investigate and prosecute identity thieves.

You can file a complaint with the FTC by contacting the Consumer Response Center by phone: 202-FTC-HELP (382-4357); TDD: 202-326-2502; by mail: Consumer Response Center, Federal Trade Commission, 600 Pennsylvania Ave, NW, Washington, DC 20580; or through the Internet, using the [online complaint form](#).

Although the Commission cannot resolve individual problems for consumers, it can act against a company if it sees a pattern of possible law violations.

- You also may want to contact the [Privacy Rights Clearinghouse](#) (call 619-298-3396), which provides information on identity theft protection and identity theft prevention -- and how to network with other identity theft victims.
- If someone has stolen your mail to obtain access to your new credit cards, bank and credit card statements, pre-approved credit offers and tax information, or the person falsified change-of-address forms, (s)he has committed an identity theft crime. Report it to your local postal inspector.
- If you discover that an identity thief has changed the billing address on an existing credit card account, close the account.

When you open a new credit card account, ask that a password be used before any inquiries or changes can be made on the account.

Avoid using easily available information like your mother's maiden name,

