



Credit Cardholders' Bill of Rights

The federal Credit Card Act of 2009—also known as the Credit Cardholders' Bill of Rights—provides tough protections for consumers who've had enough of excessive credit card fees, sky high interest rates, and agreements that credit card companies revise at will.

Highlights of this Important Law

No more interest rate increases on existing balances, unless you have failed to make even a minimum payment for 60 days. This reform also puts an end to the unfair practice of universal default, which is when a credit card company raises the rate on an existing balance after you fail to make a timely payment on an unrelated bill (such as your electric bill). Note: While your credit card company can no longer raise the interest rate on purchases you've already made, they can raise the rates on purchases you make in the future, as explained below.

No interest rate increases during the first year you have the card, unless the increase is due to the expiration of a lower promotional rate. If your card comes with a promotional rate, the lower rate must last at least six months.

Your credit card company must give you a 45-day notice before increasing your interest rate or making any major change to your credit card agreement. This is a big improvement over the 15-day notice that credit card companies had to provide in the past. The 45-day notice must also inform you of your right to cancel your card. If you choose to cancel your card, the company must allow you to pay off the balance over a five-year period.

Interest rate increases must be reviewed and lowered if warranted. Although your card company can still raise your rate on future balances for a number of reasons (because you've made late payments, for example), they can no longer raise your rate and just leave it there. Instead, they must conduct a review every six months and lower the rate if the review shows a change in the reason for the rate hike—such as an improvement in your payment habits.

Billing statements must be sent to you 21 days before the due date, giving you enough time to make your payment and lowering the risk of a late fee and other penalties.

Due date must be the same every month. If your due date falls on a holiday or a weekend, your payment is on time if received the next business day.

Credit card payments are on time if received by 5 p.m. on the due date. Credit card companies can no longer schedule a 10 a.m. due time and then charge you a late fee if your payment arrives in the afternoon mail.

Payments above the minimum must be applied first to the balances with the highest rates. If your card has balances with different rates, your card company must apply anything you pay over the minimum payment to the balance with the highest rate. This lowers the amount of finance charges you pay over the minimum payment to the balance with the highest rate. It also lowers the amount of finance charges you pay overall.

No over-limit fee unless you authorize your card company to approve over-limit transactions. If you do not authorize your card company to approve over-limit transactions, any transaction that would exceed your credit limit will be denied and you will not be charged a fee. If you do authorize over-limit transactions, your card company can charge you only one over-limit fee in any billing cycle.

For more information about credit cards and other kinds of loans, please visit www.IllinoisAttorneyGeneral.gov or contact **the Illinois Attorney General's Consumer Fraud Bureau at 1-800-243-0618 (TTY: 1-877-844-5461).**