



# BBB News Release

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## ***New Credit Card Regulations Kick in Next Monday***

*BBB explains what credit card reform means to you*

**Denver, CO – February 16<sup>th</sup>, 2010** – Credit card holders can circle February 22<sup>nd</sup> on their calendar as the day when new consumer protections laid out in the Credit Card Accountability Responsibility and Disclosure Act of 2009 kick in. Your BBB explains what these new consumer protections mean to cardholders across the U.S.



The U.S. Census Bureau predicts that in 2010, the number of U.S. credit card holders will grow to 181 million. Unfortunately, almost 75 percent of cardholders admit to not reading the terms and conditions of their credit cards, according to a CreditCards.com survey. Your BBB recommends that all card holders familiarize themselves with the fine print and review the new provisions set out by the Credit CARD Act of 2009.

“Credit card debt can mount when times are tight and consumers need to take the time to understand the fine print of their credit card agreements and the different fees and penalties that can chisel away at the family finances,” said Dale Mingilton, President and CEO of the BBB serving Denver/Boulder. “While the new CARD Act provides more consumer protections, cardholders still need to keep an eye on changes to their accounts and respond quickly if they aren’t satisfied.”

The following are just a few of the new credit card regulations and consumer protections set forth by the Credit CARD Act:

**More Notice for New Interest Rate Changes.** Card issuers must give cardholders 45-days advance notice in the event of an interest rate change. Additionally, promotional rates must apply for at least six months and, unless disclosed up front, cardholders cannot have their rate increased in the first year.

**Cardholder Opt-Out.** If there are significant changes made to the terms of the account, cardholders can choose to reject those changes and will have five years to pay off the balance under the original terms.

**Older Age Restrictions Added.** Card issuers are no longer allowed to issue a credit card to anyone under 21 unless they can prove they have the means to repay debt or if an adult over 21 co-signs on the account. Credit card companies also face new

restrictions on how they can promote cards to college students and can no longer offer free gifts as enticements on campuses.

**New Rules for Monthly Statements.** In response to complaints that bill due dates were being moved up—and leading to increased late fees—monthly statements must now be mailed or delivered 21 days prior to the due date. Additionally, card issuers can no longer set a payment deadline before 5 p.m. and cannot charge cardholders if they pay online, over the phone or by mail—unless the payment is made over the phone either on the due date or the previous day.

\*Also note that statements will look quite different so consumers should pay attention to the new format and contact the card issuer directly if there is anything unclear.

**Overpayments Go Toward Highest Interest Balances.** If the cardholder has varied interest rates for different services or accounts, any overpayments must be applied to the account that is incurring the highest interest rate.

**Over the Limit Opt-In.** Cardholders must opt-in to be able to exceed their credit limit—and subsequently be charged an over-limit fee by the issuer. If a cardholder chooses not to opt-in, then he or she will not be able to exceed their credit limit and incur any resultant fees.

**Increased Disclosure on Minimum Payments.** Card issuers must disclose how long it will take the cardholder to pay off their bill if they only pay the minimum monthly payment as well as how much the cardholder would need to pay every month to pay off the balance in 36 months.

**Say Goodbye to Double-Billing Cycles.** When calculating finance charges, card issuers can no longer employ two-cycle or double billing—a method that causes cardholders to pay interest on previously paid balances.

To learn more about the new consumer protections, [Creditcards.com](http://Creditcards.com) has a comprehensive breakdown of the Credit CARD Act of 2009.

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