

# Update on Credit Card Reform from Congresswoman Carolyn Maloney

<http://maloney.house.gov>

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Dear New Yorker,

In recent years, the playing field between credit card companies and credit cardholders has become one-sided. And it's no surprise that it's cardholders—not the credit card companies—who are getting the short end of the stick. Today, most credit card agreements allow the issuer to raise rates at any time, for any reason, even on balances borrowed under the lower rate (and even for cardholders who pay on time and don't go over their limit!).



I chaired a hearing of the House Financial Services Subcommittee on the practices in the credit card industry this spring. The hearing was broadcast on C-SPAN and is available for viewing on the committee's web page at [www.house.gov/apps/list/hearing/financialsvcs\\_dem/hro41708.shtml](http://www.house.gov/apps/list/hearing/financialsvcs_dem/hro41708.shtml)

A credit card agreement is supposed to be a contract, but what good is a contract when only one party has any power to make decisions? Cardholders deserve more bargaining power; Congress can and should help level the playing field for them.

That's why I've introduced HR 5244, the Credit Cardholders' Bill of Rights, which would rein in the worst practices of the industry without resorting to price controls, rate caps, or fee setting. Here's what the bill does:

- Requires card companies to give cardholders 45 days notice of any interest rate increases.
- Prohibits card companies from unilaterally changing the terms of their contract with a cardholder, banning the practice of “any-time, any-reason” repricing.
- Gives cardholders the right to cancel their card and pay off their existing balance at the existing interest rate and repayment schedule if they get hit with an interest rate hike.
- Prevents card companies from retroactively increasing interest rates on the existing balance for reasons unrelated to the cardholder's behavior with that card.

—Prohibits card companies from charging interest on debt that is paid on time during a grace period. This prevents the so-called “double-cycle billing” practice.

—Gives cardholders time to pay their bills by requiring billing statements to be mailed 25 days before the due date (14 days is the current minimum); establishes that payments made before 5 p.m. EST on the due date are timely; and requires a phone number and internet address on every statement that a cardholder can access for payoff balances.

The notion that a deal is a deal is as American as apple pie. It's time to bring credit card companies back to the basic principles of fairness and shared responsibility. Especially now, when Americans are using their cards more and more to get through tough times, it's important that cardholders have the tools to manage their credit responsibly. The Credit Cardholders' Bill of Rights would do just that.

Please visit my official website, <http://maloney.house.gov> to find out more about my bill.

Very truly yours,

Carolyn B. Maloney  
Member of Congress

❖ As always, read the fine print!

Source: Consumer Action

1. What is the interest rate?  
Is there an introductory rate and how long does it last? How high can my interest rate go? Why would my interest rate increase?

2. What fees could I be charged, and why?  
How can I avoid these fees?

3. How can my account terms change?  
How will you inform me of any changes in my contract?

4. What services are provided to help me honor the terms of my cardholder agreement?  
Free payment options; alerts for over-limit purchases; a leniency period before late fees are charged, etc.

5. What's in it for me?  
Rewards, cash rebates, balance transfer opportunities, etc.

Five questions to ask when getting a new credit card...

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from Congresswoman Carolyn Maloney

*Carolyn B. Maloney*

M.C.  
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U. S. House of Representatives  
Washington, DC 20515