

CREDIT CARD BASICS

- Shop around for credit card terms that are best for you.
- Make sure you understand the terms of a credit card plan before you accept the card.
- Review the disclosures of terms and fees that must appear on credit card offers you receive in the mail.
- Pay bills promptly to keep finance charges as low as possible.
- Keep copies of sales slips and promptly compare charges when your bills arrive.
- Protect your credit cards and account numbers to prevent unauthorized use.
- Draw a line through blank spaces above the total when you sign receipts. Tear up or retain carbons.
- Keep a list of your credit card numbers and the telephone numbers of each card issuer in a safe place in case your cards are lost or stolen.

Where To Go For Help?

Federal agencies are responsible for enforcing federal laws that govern credit card transactions. Questions concerning a particular card issuer should be directed to the enforcement agency responsible for that issuer. See Appendix in Book One for federal agencies, and credit card transactions.

What To Do To Reduce The Interest Rate On Your Credit Card

When looking for a reduced credit card interest rate refer to the Appendix in Book 1. There are several services that provide a list of the best credit cards to choose for your situation. Before you purchase a credit card newsletter or list, I suggest you first ask your current card issuers to reduce your current interest rate or drop the annual fee. You may also want to approach a local bank or credit union for a better interest rate or term than the one you are using. Unfortunately, most consumers who attempt to go for the 6%, 7%, and 8% rate cards are not going to be approved without squeaky clean credit.

SURVIVAL TIP

Apply for a low interest rate credit card now. Once the word about a layoff gets heard on the street, it may be very difficult to get one of these!

CREDIT AND CHARGE CARD FRAUD

The cost of credit and charge card fraud — to card holders and to card companies alike — may be as high as \$500 million a year. Everyone pays for credit and charge card fraud in higher prices, whether or not they are personally defrauded.

While theft is the most obvious form of credit and charge card fraud, fraud occurs in other ways, as well. For example, someone may misappropriate or use your card number (not the card itself) without your permission. “Misappropriation” may occur in a variety of ways:

- A thief rifles through trash to find discarded receipts or carbons to use the card numbers illegally.
- A dishonest clerk makes an extra imprint from your credit or charge card for his or her personal use.
- You receive a postcard or a letter asking you to call an out-of-state number to take advantage of a free trip or a bargain-priced travel package. When you call, you are told you must join the travel club first. You are asked for your credit card number so you can be billed for the membership fee. The catch? New charges continue to be added at every step and you never get your free or bargain-priced vacation.

How To Guard Against Credit And Charge Card Fraud

Here are some suggested precautions you can take to help protect yourself against credit and charge card fraud. You should instruct any other person who is authorized to use your account to take these same precautions.

- Sign your new cards as soon as they arrive.
- Carry your cards separately from your wallet. Keep a record of your card numbers, their expiration dates, and the phone number and address of each company in a secure place.
- Keep your card in view, whenever you can, after you give it to a clerk. Retrieve your card promptly after using it.
- Avoid signing a blank receipt, whenever possible. Draw a line through blank spaces above the total when you sign card receipts.
- Void or destroy all carbons and incorrect receipts.
- Save your card receipts to compare with your billing statements.
- Open billing statements promptly and reconcile your card accounts each month, just as you would your checking account.
- Report promptly and in writing any questionable charges to the card issuer.
- Notify card companies in advance of a change of address.

More Suggestions

In addition, here are some things you should not do:

- Never lend your card(s) to anyone.
- Never leave your cards or receipts lying around.
- Never put your card number on a postcard or on the outside of an envelope.
- Never give your number over the phone unless you are initiating a transaction with a company you know is reputable. If you have questions about a company, check with your local consumer protection office or Better Business Bureau before ordering.

What To Do If Your Cards Are Lost Or Stolen

If your credit or charge cards are lost or stolen, call the issuer(s) immediately. Most card companies have a toll-free number for reporting missing cards. Some companies provide 24-hour service. By law, once you report the loss or theft, you have no further liability for unauthorized charges. In any event, your maximum liability under federal law is \$50 per card.

What To Do About Suspected Fraud Or Billing Problems

If you suspect that someone has illegally used your account number, send the card issuer a letter that includes your name, account number(s), and the charges that you question with your reasons. You must direct your letter to the “billing error address” provided on your statement, and it must reach the creditor within 60 days after the first bill containing the error was mailed to you. If you send your letter by certified mail,