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20 sneaky credit card tricks

By Amy C. Fleitas • Bankrate.com

Credit card companies can be as slippery as a handful of greased Jell-O. They have all kinds of tricks to gouge your wallet and drive up your bill. While arguably unfair, all these tricks are legal, leaving you no alternative but to stay as informed as possible to protect yourself.

Read your statement, report any irregularities immediately and watch for these 20 sneaky credit card company tricks. Start saving on fees now.

The old bait and switch

So you've got this ingenious plan. You're going to apply for a great credit card that gives you tons of frequent-flier miles, put all your shopping on it, and then head to the Bahamas in February. Stop -- the miles you earn, if any, might get you no farther than Hope, Ark.

When and if you get that card, study the terms carefully. If you don't qualify for the great card, the credit card company can send you a completely different card with different terms. If it's not what you want, don't activate the card. Call the company and cancel the account.

Musical address

Want to play hide-and-seek with your credit card company? No? Too bad. Tag, you're it. Here's your late fee.

Credit card companies sometimes change their payment P.O. Box. If you send your payment to the wrong one, it may meander around the postal system or your credit card's headquarters for a while before finding its way to the payments department. That means you're responsible for the late fee and your interest rate could be raised. It will be raised if you have one of those super-duper low rates -- guaranteed.

To avoid falling for this trick use the envelope provided in your statement. If you use a different envelope or use online banking, check the mailing address on your statement each month or call the company to verify the address. Always pay early to avoid last-minute mix-ups.

Late fees in minutes

If you're five minutes late it could cost you \$29. You see, even though your due date may be the 15th of the month, upon further inspection of your statement, you might see it's actually due by 1 p.m. So if Harvey the letter carrier took a few minutes of shut-eye at the cul-de-sac, it will cost you a late fee and a possible rate increase. Check your statement to see what time and date your payment is due and send it in early.

Over-the-limit fees

This fee is a no-brainer -- don't go over. But what you don't know are the little tricks credit card companies use to push you over the limit.

One Bankrate reader wrote us to describe how his brand new credit card pushed him over the limit.

He applied for a card with a high-credit limit and requested a balance transfer to pay off another card. He received his new credit card and was hit with an over-the-limit-fee the first time he used it. Apparently, the credit card company gave him a card with a much lower limit and transferred as much of his balance as the card could hold. So when he got his card, unbeknownst to him, it was already maxed out.

Cash advance fees and rates

Don't take cash out of your credit card. Read the fine print on your statement and you'll see it's a very bad idea. Your card might have a really low rate for purchases, but if you take out a cash advance, get ready for a shock. The rate for cash advances is much higher. And there is no grace period -- you start paying interest right away.

Aside from paying a high rate on the cash you take out, you're going to pay a fee, usually 2 percent to 4 percent of the amount advanced. And your payments will be applied to the lower-interest balance before they are applied to your cash advance.

Reverse the late payment, but up the rate

Credit card companies may forgive a late payment, but they could still punish you by raising your rate. Let's say you fell for the ever-changing-mailing-address trick. You call and scream until they reverse the late-payment fee. But next month, when your bill arrives, you notice you're now being charged a much higher interest rate because you were late on a payment. A Bankrate reader told us this happened to him.

Increasing the rate based on other accounts

Your credit card company may use your late auto loan payment to justify a rate increase. They frequently check your credit report and look for any late payments to justify raising your rate.

Fixed rates aren't fixed

A fixed rate means the credit card company has to give you 15 days notice before raising your rate. You can call and ask them to lower it, but they don't have to do it.

Raising your rate for no reason

They don't need a reason. They can just do it -- it's in the agreement. If they won't give you a lower rate, get a new card and cancel the old one

"Free gifts" that cost a bundle

Did you really think they'd give you something for nothing? Throw away those offers that come in your credit card statement.

Selling credit card theft insurance

You don't need theft insurance for your credit card. If it's stolen, you are only liable for \$50, at most.

Selling disability coverage

Credit card disability insurance will make debt worse, if it ever kicks in. One Bankrate reader wrote in to say she developed cancer and her credit card company kept finding reasons not to activate her disability insurance even though she paid for it every month.

But credit card disability insurance is a really bad idea anyway. Even though you don't have to make payments, the debt piles up all along. And you can't use the card during that time either.

Setting low minimum payments

It'll take forever to pay off your balance if you only pay the minimum. Most credit card companies set the minimum payment at 2 percent of the debt. At that rate, you could be paying for life.

Cards that cost more in fees than they give in credit

If you've got shaky credit, you could fall prey to a really bad credit card deal, like the card with \$360 in fees that leaves you with a \$19 credit limit

Balance-transfer fees and disappearing low rates

If you're not careful, you'll get socked with unexpected fees and soaring rates when you transfer your balance. Before transferring a balance, ask if there is a fee. Also, ask how long the low rate lasts. Those low rates on credit card offers are usually only good for six months. If you are late on one payment, the low rate is immediately replaced with a much higher rate. Another note of caution: When you transfer a balance from one card to another, wait to see the balance appear on the new card before closing the old one.

Zero-percent offers -- with a big catch

Those zero-percent offers sound like a good idea until you miss a payment or the introductory period ends. After that, you can end up with a sky-high rate.

Charges for charging abroad

In addition to the 1 percent currency exchange fee on Visa and Mastercard, some major banks are charging a 2 percent fee on credit card and debit card purchases made outside the United States. After a vacation's worth of spending, those fees will add up.

Shrinking grace periods

The grace period is the time between when you make a charge on your credit card and when that amount starts building interest. Many credit card companies are shrinking that time down to 20 days, meaning that by the time you get your bill, you may already be paying interest.

Pre-paid gift credit cards worth less than you pay

The fees on these cards can make them worth less than they cost. And they can expire rapidly -- making them worthless. You'd be better off giving cash.

Is anyone there?

If you want to talk to customer service, you better have a lot of time to kill. Credit card companies don't want to save you money at their expense. So they will transfer you and put you on hold until you are blue in the face. The name of the game is Frustrate the Customer Until They Give Up and Go Away.

This trick isn't limited to the credit card industry, either. When I wanted to lower my bill, a certain cell phone company spent an hour and a half putting me on hold, transferring and "accidentally" hanging up on me. Persistence pays off -- but it's exhausting.

For more information debt, credit cards, and how to hang on to more of your money, please visit

www.Money-Metrics.com

or contact:

Bob Pessemier, AAMS

425.373.4045

bob@Money-Metrics.com

