Comparison

Credit Card Holders' Bill of Rights Act of 2009 & FRB Rule on Credit Cards

The Fed Rule and HR 627 both include these reforms:

- Restricting card companies from hiking your interest rate on existing balances if your payment hasn't been more than 30 days late.
- Requires companies to more fairly apply the payments that cardholders make to balances with different interest rates: either to the highest balance first or proportionally among your balances. This help ends the unfair practice of preventing you from paying down high-interest balances until you've paid off low-interest ones first.
- Giving you at least 21 days from when the bill is mailed to your payment due date, preventing costly late fees.
- Ending two-cycle billing, in which a finance charge is calculated based in part on balances you've already paid.
- Eliminates hair trigger loss of promotional rates.
- Requires cardholders to be given 45-day notice of any rate increase on an account.
- Prohibits *all interest rate increases* during the first year an account is opened, unless at the time of account opening the card company tells the cardholder what the new rate will be and when it will start.

The Fed Rule includes the following protections, not included in HR 627:

- Prohibits applying deferred interest to an existing balance. Deferred interest usually involves an advertised promise such as "no interest for one year," which will be charged retroactively if the consumer misses a condition such as paying in full before the end of the deferral period.

HR 627 includes the following protections, not included in the Fed Rule:

- All protections go into effect 12 months from the date of enactment or June 30, 2010 (whichever comes first.) The 45 day notice requirement goes into effect 90 days after enactment.
- Prohibits fees for paying by electronic funds transfer.
- Prohibits "universal default" - when companies raise interest rates on cardholders because of behavior related to their other bills, even though they are in good standing with the card in question.
- Places limitations on the number of over limit fees that may be charged per month.
- Ending over-limit fees caused by a card company's hold on your available credit. You shouldn't suffer because a company holds your credit and causes you to go over the limit.
- Allows the customer a fixed ceiling on their credit card limit so they would not incur over-the-limit charges.
- Places restrictions on the issuance of cards to minors under the age of 18.