Consumers Union

Summary of Credit Card Bills

Federal Legislation 2008

H.R. 5244 (Maloney) Credit Card Holders' Bill of Rights Act of 2008
(Introduced February 7, 2008)

Consumer group letter in support of HR 5244

- Prohibits "universal default" - when card companies raise interest rates on cardholders because of their behavior related to there bills, even though they are in good standing with the card in question;
- Prohibits "double-cycle billing" the practice of computing charges on outstanding balances from more than one billing cycle;
- Prohibits the retroactive application of an interest rate increase on existing balances unless the customer is more than 30 days late in payment;
- Requires that when there are two different interest rates on a balance because on an introductory promotional effort, the payment must be first applied to the higher rate;
- Requires cardholders to be given 45-day notice of any rate increase on an account;
- Allows the customer a fixed ceiling on their credit card limit so they would not incur over-the-limit charges; and
- Prohibits the issuance of credit cards to individuals under the age of 18 without an adult co-signer.

S. 2753 (Menendez) Financial Consumer Protection Act of 2008
(Introduced March 12, 2008)

Consumer group letter in support of S. 2753

Prohibits:

- Aggressive marketing to young consumers. Consumers under the age of 21 would be allowed to choose whether to receive credit card solicitations. Card issuers could only solicit young consumers if they receive affirmative consent in advance.
- Applying retroactive interest charges on balances incurred before a rate increase goes into effect.
- Unilaterally changing the terms of a credit card agreement while they are in force without specific written consent from the cardholder, thus prohibiting card issuers from giving themselves the right to increase interest rates and fees "at any time, for any reason."
- Using "Universal Default" to increase a cardholder's interest rate when adverse information relating to debts owed to other creditors appears on a consumers'

credit report.

- Charging unjustified interest rate hikes; penalty interest rates limited to 7 percent above the previous rate if a consumer fails, for instance, to make a payment on time.
- Charging late fees on payments that have been postmarked by a designated date.
- Reckless Lending. Issuers cannot offer credit or raise a consumer's credit limit unless the issuer determines that the consumer will be able to make the scheduled payment based on their current income, obligations, and employment status.
- Deceptive offers of credit. Lenders must make a firm offer of credit that includes specific–not deceptively low–terms, including the interest rate, fees, and credit line.
- Penalty fees that are not reasonably related to the costs that credit card issuers incur as a result of a late payment o over the limit charges against the account.

Federal Legislation 2007

H.R. 873 (Ackerman) Credit Card Payment Fee Act of 2007 (Introduced February 7, 2007)
- Prohibits credit card issuers from charging fees for paying credit card bill.

H.R. 1461 (Udall) Credit Card Accountability, Responsibility, and Disclosure Act of 2007 (Introduced March 9, 2007)
Prohibits:
- Charging fees for paying off balance in full, paying more than the minimum balance, or for non-use of card
- Charging over the limit fees if creditor approves the transaction
- Changing interest rates based on negative information unrelated to the card issuer (Universal Default)
- Issuing cards to some consumers under 18 years old without a co-signer and submission of proof of ability to repay OR proof of completion of credit counseling

Requires:
- Enhanced disclosures indicating outstanding balance, minimum monthly payments expressed in dollar figures as well as a percentage of the balance, and information detailing how much a consumer would have to pay every month to eliminate an outstanding balance in 36 months
- Payment date to be determined by postmark on payment envelope for payments sent by mail. For payments made at local branch, date of payment governs

H.R. 1510 (Price) Credit Card Repayment Act of 2007 (Introduced March 13, 2007)
S. 1176 (Akaka) Credit Card Minimum Payment Warning Act of 2007 (Introduced April 20, 2007)
Requires:
- Conspicuous up-front disclosures of outstanding balance, minimum payment warning, time it would take to pay off balance if only minimum payments made, total cost to consumer for credit provided if consumer pays only minimum monthly payment due, monthly payment required to pay off outstanding balance in 36 months

- Providing consumers with a toll-free number for information about debt management services

H.R. 2146 (Ellison) Universal Default Prohibition Act of 2007 and S. 1309 (Tester) (Introduced May 3, 2007)
Prohibits:
- Changing interest rate resulting from adverse information on the consumer unrelated to the issuer account

S. 1395 (Levin) Stop Unfair Practices in Credit Card Acts of 2007 (Introduced May 15, 2007)
Prohibits:
- Double cycle billing, charging residual interest and retroactively applying interest rate increases
- Charging interest on fees including cash advance fee, late fee, over-the-limit fee, or balance transfer fee
- Imposing over-the-limit fee when credit limit is exceeded due to a penalty fee
- Charging over-the-limit fee more than once a billing cycle. No fees can be charged in subsequent billing cycles unless there is an additional purchase
- Charging cardholders fees to pay billing statement

Requires:
- Penalty interest rates capped at 7% points above pre-penalty rate
- Creditor to apply payment first to portion of the balance with highest interest rate
- Creditor must offer cardholder option for transaction to be refused rather than go over the limit. No fees for refusing transaction.

If you would like to read the text of any of these bills:
1. Go to http://thomas.loc.gov
2. Enter the bill number in the "Search Bill Text" box
3. Check the box that allows you to search by bill number
4. Click on the "Search" button

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