The new law will provide consumers with greater protections against deceptive practices used by credit card companies to lure and trap consumers into expensive debt.

Credit Card Smarts
Fact Sheet 16

Credit Cardholders’ Bill of Rights
Act of 2009

The Credit Cardholders’ Bill of Rights Act will protect consumers from some of the credit card practices that have made it difficult to pay off their credit card debt. President Obama signed the bill into a law on May 22, 2009. The bill includes many reforms that relate to the way credit cards are issued and administered by the credit card companies. This is good news for consumers.

Even though the regulations in the new law will help credit card users, consumers are still accountable for using credit responsibly. They need to use credit wisely or not at all, to live within their means, and pay what they owe.

Summary of the Bill

The following is a summary of the bill and how it will affect you:

Interest Charges
Credit card issuers cannot increase the annual percentage rate (APR) during the first year after an account is opened. Introductory promotional interest rates must remain the same for the first six months.

- You must be more than 60 days late on your payment before the interest rate can be raised on an existing balance. If the rate is increased, the card issuer must lower it after six months of on-time payments.
- Card issuers cannot increase your interest rate based on your payment history with another creditor.
- Double-cycle billing is banned. Double-cycle billing finance charges are calculated on the balance you hold over the two previous months, rather than on the average daily balance for one month.

Payments
- Credit card bills must be mailed 21 days before the due date, instead of the current 14 days. Payments will be due on the same date each month.
• If an account has several different interest rates, a payment that is above the minimum amount must be applied to the balance with the highest interest rate.
• You must be notified by the card issuer if you are spending close to your credit limit, thus allowing you to avoid paying a penalty.

Disclosure
• Credit card issuers are required to post their credit card agreements on the Internet. They must also disclose the consequences of making only the minimum payment – how much interest will be paid and how long it will take to pay the debt.
• Credit card solicitations should include information about the effects of too many credit report inquiries.
• Billing statements must include detailed pay-off information.
• You must be notified 45 days in advance of any changes to your account, such as an increase in the interest rate, fees, or finance charges. Card issuers need to provide a 30-day advance notice if your account is to be closed.

Fees
• You cannot be charged a fee for paying your bill online or by phone, unless it is a last-minute payment by phone and your bill is due the same day or next day.
• Card issuers cannot charge over-limit fees unless you have agreed in advance to buy this protection.

Students
• You must be 21 years of age to get a credit card. If you are under the age of 21, you must have a co-signer or proof that you can repay the debt.
• Aggressive marketing to college students will be prohibited.

Gift Cards
• Gift cards cannot expire for five years. If not used within a reasonable amount of time, card values cannot decrease or contain hidden fees.

For More Information

For more information about the Credit Cardholders’ Bill of Rights Act of 2009, check out these web sites:
www.speaker.gov/newsroom/legislation?id=0303