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What We Should Know about Hidden Perils of Credit Cards Now

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Even with new regulations, still there are many ways your credit card could easily bite you. In fact, there are many fine prints the credit card companies do not tell us. Let us review some of these fine prints and loopholes credit card companies employ to harm us.

1. CREDIT CARD COMPANIES COULD STILL CHANGE YOUR APR, WITH SOME EXCEPTIONS

One of the misconceptions is credit card companies can no longer increase the interest rate we pay them if we carry a balance at the end of each billing cycle. This is not true.

In fact, although credit card companies, mostly, cannot increase your interest rate for the balance you already have, they can increase your rate for purchases going forward.

Accordingly, it is important to ascertain credit card companies CAN raise our interest rate on many occasions. This mostly happens when they check our credit history every 90 days or so as part of their internal procedures.

2. CREDIT CARD COMPANIES COULD STILL CHANGE TERMS OF OUR CARDS

The other important point to note is credit card companies could still change the terms of our card. They must provide us 45 days of notice. However, they can still change the terms.

You have an option to opt out of the new terms. However, the credit card company could cancel your credit card or allow you to continue using the card until the card's expiration date.

This is extremely important to ascertain if consumer opts out of new changes, the credit card company by closing the account could adversely affect one's credit score. Likewise, if the

consumer elects to accept the new terms, then the new terms will govern the contract, probably not advantageous to the consumer, either.

3. CREDIT CARD COMPANIES COULD STILL CHARGE US LATE FEES

Now, credit card companies have to consider payments received until 5:00 PM of the due date on time. Before, they would accept such payments only until 9:00 AM or sometimes as late as 2:00 PM of the due date.

Nonetheless, even now, you could be charged $39 late fees for a $20 item. Accordingly, keep in mind the ramifications of late payments and the time frame.

4. CREDIT CARD COMPANIES COULD PENALIZE US FOR CARRYING A BALANCE ON OUR REWARDS CARDS

First, remember if you carry a balance, the balance could eat away at your rewards. So, it is important that you be mindful of this fact.

In addition, there are some important inquiries to have before signing on for a rewards program. The following lists some of those inquiries:

- How much do you have to spend before you start earning the rewards?
- What are your spending habits and are the rewards reflective of your spending habits?
- Are the rewards you want, offered throughout the year or only a few months a year? Some credit card companies rotate their categories.
- If you are obtaining cash rewards, is there a CAP on how much you can earn in cash?

5. CREDIT CARD COMPANIES WOULD STILL ENCOURAGE US TO EXCEED OUR CARD LIMIT, BUT THEY PENALIZE US

Credit card companies want you to exceed your card limit. They penalize you and earn more money. Right now, you will have to pay around $30-$35 if you exceed your credit limit. This amount could go up if you exceed your limit in a subsequent month with another transaction.

The most important problem with such provisions is, these are opt in provisions. If you do not opt in, then the credit card company, subject to the 45-day period, could close your account which would adversely impact your credit score.

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