

Credit Cardholder's Bill of Rights Clears House

WASHINGTON - The U.S. House of Representatives today voted to protect cardholders against arbitrary interest rate increases and prevent unfair penalties for cardholders who pay on time. H.R. 627, the Credit Cardholder's Bill of Rights, overwhelmingly passed the House by a bipartisan 357 to 70 vote.

U.S. Rep. Harry Mitchell is a cosponsor of the bill and has called for the Senate to swiftly pass the Bill so that it can be signed into law.

"With more and more Arizonans struggling economically and temporarily turning to credit to get by, it is more important than ever to have protections from unfair and predatory practices," Mitchell said. "This bill is an important step forward for consumers."

The bill would stop unfair retroactive rate hikes on existing balances and require 45 days notice for future rate increases, let consumers set hard credit limits and stop excessive "over-the-limit" fees. It will also protect cardholders from due date gimmicks by requiring companies to mail billing statements 25 calendar days before the due date, up from the current 14 days, and require that payments made before 5 p.m. local time on the due date be credited as "on time" to prevent lenders from cutting-off receipts of payment earlier in the day, declaring such payments late and then charging late fees.

The Credit Cardholder's Bill of Rights would also stop lenders from applying partial payments to balances that are at the lowest interest rates first, before applying any of the payments to balances that are at higher interest rates. The measure would also prohibit penalty interest rate increases on existing balances unless a customer is more than 30 days late.

Similar legislation was introduced in the 110th Congress. Mitchell voted for and the House passed H.R. 5244, the Credit Cardholder's Bill of Rights 2008, with a bipartisan vote of 312-112, but the legislation did not receive a vote in the Senate.

In December, the Federal Reserve released regulations that would ban many of the deceptive practices included in the Credit Cardholder's Bill of Rights, but these rules will not take effect until July of 2010 [Source: [Federal Reserve](#), December 18, 2008].

Rep. Mitchell talking about the Bill: