

Credit Cardholders' Bill of Rights would protect consumers from unfair and deceptive practices

WASHINGTON - U.S. Rep. Harry Mitchell today called on the Senate to swiftly pass a bill to help protect consumers against unfair and deceptive credit card practices.

"This bill is an important step forward for consumers in Arizona and across the nation and I urge the Senate to pass it swiftly," Mitchell said. "Credit card companies provide a valuable service, but consumers deserve protection from arbitrary rate increases and the misleading gimmicks and penalties that have become too common in the industry. In these difficult economic times it is more important than ever to guard against unfair and predatory practices."

[The Credit Cardholder's Bill of Rights](#) would protect cardholders against arbitrary interest rate increases and prevent unfair penalties for cardholders who pay on time. Mitchell cosponsored the House of Representatives version of the bill, H.R. 627, which overwhelmingly passed the House on April 30 by a bipartisan 357 to 70 vote. The Senate is expected to take up its version of the bill, S. 235, this week [[New York Times](#), [May 4](#)].

- [Click here to see Congressman Mitchell discuss House passage of the bill \[VIDEO\]](#) -

The bill would stop unfair retroactive rate hikes on existing balances and require 45 days notice for future rate increases, lets consumers set hard credit limits and stops 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 requires that payments made before 5 p.m. on the due date to 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

If passed, a portion of the bill would take effect 90 days after being signed by the President. The entire bill would take effect within 12 months of enactment or July 1, 2010 whichever comes first.

Similar legislation was introduced in the 110th Congress as H.R. 5244. Mitchell voted for and the House passed H.R. 5244 on 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].

[For more information on The Credit Cardholder's Bill of Rights, click here](#)