

## New Credit Card Regulations Protect Consumers

(NAPSA)—There's good news for consumers who hold credit cards. The rules that govern much of the relationship between consumers and credit card companies are changing.

Designed to offer consumers more protection, these changes will affect the kind of information that credit card companies have to make available to consumers, limit late fees and rate increases and more.

These new rules from the Federal Reserve implement the Credit Card Accountability Responsibility and Disclosure Act—also known as the “Credit CARD Act.” They include the following:

### Reasonable penalty fees

Your credit card company cannot charge you a fee of more than \$25 unless:

- One of your last six payments was late, in which case your fee may be up to \$35; or
- Your credit card company can show that its costs as a result of late payments justify a higher fee.

In addition, your credit card company cannot charge a late-payment fee that is greater than your minimum payment. So if your minimum payment is \$20, your late-payment fee can't be more than \$20. Similarly, if you exceed your credit limit by \$5, you can't be charged an over-the-limit fee of more than \$5.

### Additional fee protections

- No inactivity fees. Your credit card company can't charge you inactivity fees, such as fees for not using your card.



**Under new regulations, a late-payment fee cannot be more than your minimum payment.**

- **One-fee limit.** Your credit card company can't charge you more than one fee for a single event or transaction that violates your cardholder agreement. For example, you cannot be charged more than one fee for a single late payment.

### Explanation of rate increase

- If your credit card company increases your card's Annual Percentage Rate (APR), it must tell you why.

### Re-evaluation of recent rate increases

- If your credit card company increases your APR, it must re-evaluate that rate increase every six months. If appropriate, it must reduce your rate within 45 days after completing the evaluation.

To learn more about these and other regulations that affect consumers, visit the website at [www.federalreserve.gov/creditcard](http://www.federalreserve.gov/creditcard) or call (888) 851-1920.