

## **What Your Credit Card Company Doesn't Want You To Understand**

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*In essence credit card companies set traps to keep you in debt. Understanding these traps can help you stop your debt from climbing.*

The best customer for a credit card company is the one who makes the company the most money. The person who pays their minimum monthly payment, while slowly but surely his balance increases. The truth of the matter is this person is the one creditors want. There is little money to be made by the person who pays their balance in full each month. If you let a balance remain on your credit card, interest rates will compound and before you know it you are up to your eyeballs in debt. Ask yourself, why do people let this happen?

Have you looked at your statement lately? Notice how enticing the minimum monthly payment is at an average of just 4%. This low payment encourages people to pay just that amount. In today's economy a lot of us are just squeaking by, and we believe that paying the minimum balance is enough. Many of us fool ourselves into believing that if we pay the minimum balance, next month will be better and we put off paying more than we have to with the theory that "if I pay this amount now, next month I'll pay more". The sad reality is that next month you will most likely be in the same situation and by paying the minimum your balance will have increased with more interest, and it will be even harder to pay more than the minimum next month. With this in mind, always try to apply as much as possible to pay off your balance each month, and for best long term results you should pay you credit cards off every month.

Another ploy of credit cards is offering a "low interest introductory rate". Remember, your credit card company is just like every other business, and this is nothing more than a gimmick to get you in. The concept is that with a low interest rate you will be able to sit on a balance for a few months with only a small amount of interest accumulating. Often times however people charge things they normally would not, with the idea of being able to pay it off before the introductory rate expires. Unfortunately, this rarely happens and all of a sudden that nice low interest rate skyrockets to a much higher one. Uh Oh! What now? And don't forget the people who play the game of switching debt to a new credit card with a low introductory rate every few months. Remember though this takes a lot of work, and keep in mind that a lot of credit inquiries could do a number on your credit score. Not to mention the fact that if you miss your introductory period you could find yourself facing a higher interest rate than you started with.

Notice the fine print? Credit card companies like to use language not easily understood to hide fees and rules to confuse the consumer. Although many claim that federal regulations require this language, it is imperative that you understand it.

What this means to you is if you exceed your credit limit by even \$1, you'll get hit with an "over the limit fee". Ouch! And be just one day late with your payment, and BAM!... a late fee occurs. And the real tragedy is that oftentimes, even if you've never been late with a payment before, miss just one deadline and watch your low interest rate go out the door.

And of course there is what creditors refer to a universal default. Every payment you ever made could have been on time, you've never exceeded your credit limit, and all of a sudden out of know where comes a notice from your credit card company advising you that because you applied for a car loan and the dealership ran multiple credit inquiries, or if you were late with your mortgage one time, you will now be paying a higher interest rate on your credit card, or even that your credit limit was decreased. And guess

what, if they lower your credit limit, and you had a high balance, you now have an over the limit fee. Oh My! Changes to your credit score can affect your credit card terms and interest rates.

With this information in mind, watch out for the pitfalls of credit card companies, and if you do find yourself facing problems, be sure to consult with a professional.

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Today's economy has more and more consumers looking for assistance with their unsecured debt. United Communications Debt Settlement Program is assisting people just like you who have the desire to get out from under the overwhelming stress of their debt.

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