

- \* Compare the cost of Canada's basic credit cards
- \* What is the spread between Bank of Canada and card interest rates?
- \* Interest rates are not the whole story
- \* Consumer Advisory: Dealing with credit card problems

Compiled by the Consumer Policy Branch of Industry Canada from information given by card issuers, and accurate on March 1, 1994.

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(Version française disponible)

25146 E 94-03

## DEALING WITH CREDIT CARD PROBLEMS

Most problems with credit card transactions can be handled quickly by a telephone call to the card issuer. However, sometimes problems get complicated and require some persistence and basic knowledge about your rights and responsibilities. Remember...

- You have the right to be informed.

Many problems can be avoided if you are familiar with the terms and conditions of your credit card agreement. Some cardholder agreements are easier to read than others. If you don't understand any part of the agreement, it is your responsibility to get the card issuer to explain it clearly.

- You have the right to be heard.

Card issuers welcome constructive complaints from consumers about their credit card service. This enables them to improve service and avoid problems in the future.

In the event of a problem, you should contact the local branch of the card issuer. They will either deal with the problem directly or refer you to the appropriate person. Follow up your phone call with a letter. A busy clerk may not remember to keep a record of your phone call. A written record helps you and the card issuer keep track of the problem.

- You have the right to redress.

If your problem is not solved reasonably quickly, have your complaint reviewed by a senior manager. Financial institutions have designated senior managers to handle complaints. If the person you are dealing with cannot identify whom you should write to, ask for the name of the senior manager in charge of credit card operations.

If you cannot obtain satisfaction from the card issuer, take your complaint to the appropriate government authority. Contact the Office of the Superintendent of Financial Institutions (OSFI) if the card is issued by a bank or trust company. If the card is issued by a credit union or a retailer, contact your provincial ministry responsible for consumer issues. The phone numbers of both OSFI and provincial ministries responsible for consumer issues are in the blue pages of your local phone book.

## LOST OR STOLEN CARDS

- If you lose your card, call the 1-800 number provided by most card issuers immediately.
- Always keep a record of your card numbers so that you can report their loss. A photocopy of all your cards, kept in a safe place, could be handy.

## Financial Institution Credit Cards\*

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Card Issuer	Fees (\$ annual)	Interest Rates (% annual)	Grace Period (days)	Interest Calculated from	
				Date of Purchase	Date of Statement
<b>MasterCard</b>					
Bank of Montreal					
Standard	--	15.75	21	x	
Prime +	18	11.25 <sup>2</sup>	0	x	
Canada Trust	8 <sup>1</sup>	13.00-15.00 <sup>3</sup>	22	x	
CS CO-OP	--	15.75	21	x	
National Bank	--	15.95	21	x	
National Trust					
Basic	--	15.75	21		x
Low Interest Option	30	9.50	21		x
Niagara Credit Union	--	15.75	21	x	
Royal Trust	15	15.50	17	x	
			21 (Que.)		
<b>VISA</b>					
Bank of Nova Scotia			21		
Standard	8	14.70	21	x	
Value Visa	29	9.75	21	x	
CTBC	12	15.50		x	
Confédération des caisses populaires et d'économie			21		
Desjardins du Québec	12	14.75	21	x	
Laurentian Bank	10	14.75	21	x	
Montreal Trust	12 <sup>1</sup>	13.75		x	
Royal Bank			21		
Standard	12 <sup>1</sup>	13.75	21	x	
Option	25	9.75	21	x	
Toronto-Dominion Bank	12 <sup>1</sup>	14.75	21	x	
Vancouver City Savings	12	15.50		x	

\* Since credit card terms and conditions may change, you should contact card issuers directly for the latest information.

1. Under certain conditions, fee may be reduced or waived entirely.
2. 11% as of April 1, 1994
3. The interest rate varies from 13.00%-15.00%. With each additional piece of business (accounts, mortgages, loans), the interest rate decreases in 1/2% increments.

## Other Credit Cards\*

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Card Issuer	Fees (\$ annual)	Interest Rates (% annual)	Grace Period (days)	Interest Calculated from	
				Date of Purchase	Date of Statement
Canadian Tire**	--	28.8	30		x
Eaton's	--	28.8	30		x
Home Card	--	28.8	30		x
Hudson's Bay	--	28.8	25-30		x
Petro-Canada	--	24.0	30	x	
Sears	--	28.8	25-30		x
Simpsons	--	28.8	25-30		x
Zellers	--	28.8	25-30		x

## Charge Cards

Card Issuer	Fees (\$ annual)	Late Penalty Rates (% annual)	Grace Period (days)	Late Penalty Calculated from	
				Date of Purchase	Date of Statement
American Express	55	N/A	45***		x
Diner's Club/enRoute	65	N/A	30-60		x
Imperial Oil (Esso)	--	24	30	x	
Irving Oil	--	24	25		x

\* Since credit card terms and conditions may change, you should contact card issuers directly for the latest information.

\*\* Effective May 1, 1994, payments made in excess of 50% of the balance will be applied to an account prior to calculation of interest.

\*\*\* Effective March 15, 1994, the grace period will be 30 days.

## Definitions

**Credit Cards:** Cards that provide revolving credit. Minimum monthly payments are required.

**Charge cards:** Cards requiring payment in full each month.

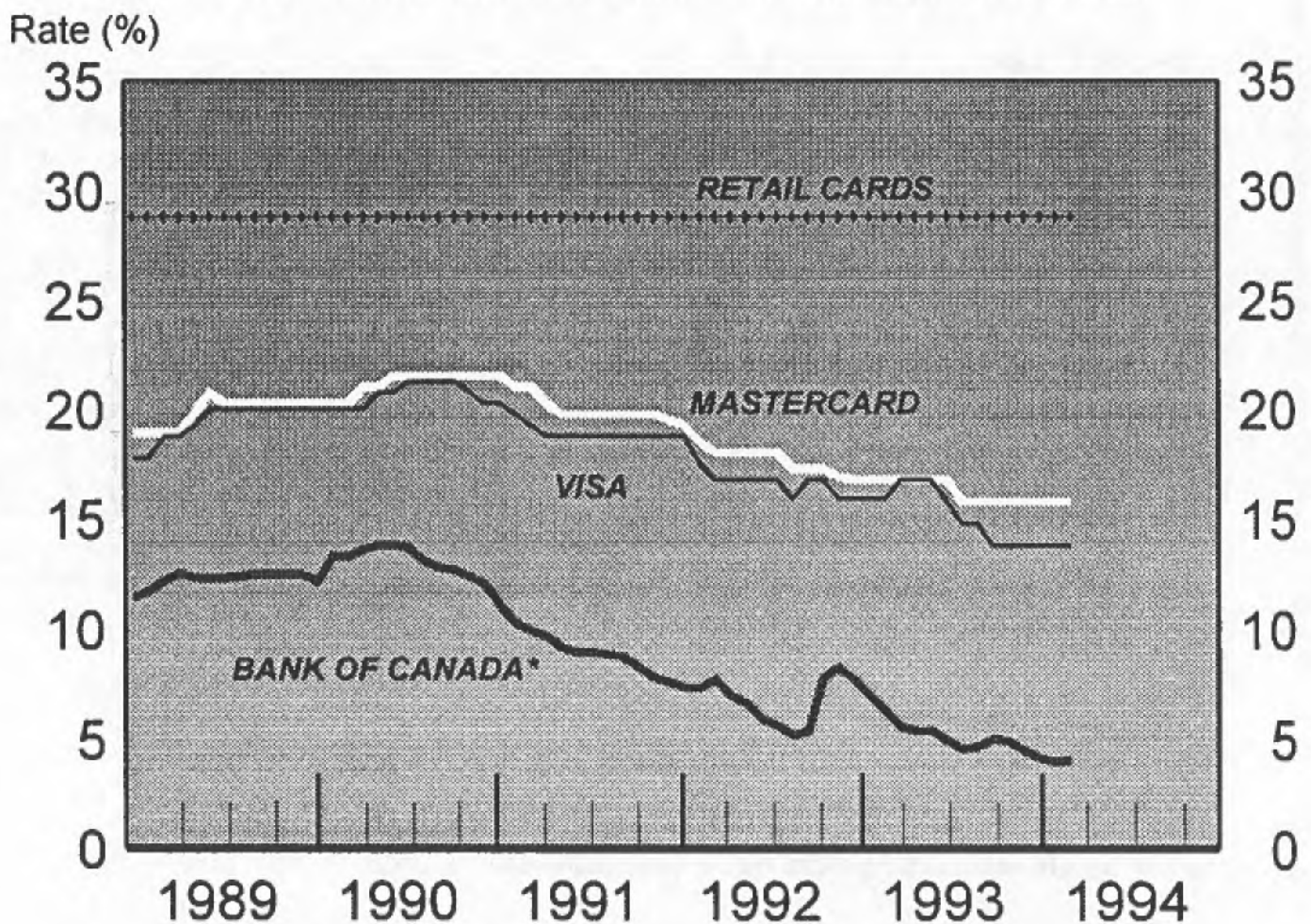
**Fees:** Charges such as transaction fees, administration fees or annual fees.

**Interest/Penalty Rate:** The nominal annual rate at which interest or penalty payments are calculated.

**Grace Period:** The number of days between the statement date and the payment due date.

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## CREDIT CARD RATES AND THE BANK OF CANADA RATE



- Bank of Canada rate is mid-month.

- One Visa and one MasterCard issuer was selected as an example. Rates of other card issuers may vary.

\* The Bank of Canada rate is the rate at which banks can borrow money from the Central Bank. It is seen as an indicator of the direction of other short term rates, such as those for consumer loans.

## Terms and Conditions

Remember these facts and save money:

### Bank, Trust Company and Credit Union Cards

- Interest is charged daily. So, if you make payments between statements you save money.
- Interest is charged on cash advances from the day you borrow until they are paid in full.
- Interest is not charged on purchases showing up on your statement for the first time if the entire statement balance is paid by the due date.

And don't forget:

- When the balance is not paid in full, interest is charged on the daily balance from the date purchases have been posted to the account until it is paid in full. In the case of National Trust, interest is charged daily from the date of the statement when the purchase first appeared until the full balance is paid.

### Other Credit Cards

- In most cases you pay less interest if you pay off at least half the balance each month. Retail stores (except in Quebec and except for Canadian Tire), subtract payments equal to 50% or more of the balance from the balance on the statement before charging interest.
- Interest is compounded, so if you miss a payment, the next month you will pay interest on the balance plus interest. For example, at the current rate of 2.4% per month, one month's interest on \$100.00 is \$2.40. If no payment is made on this at all, the next month's interest will be charged on \$102.40 and will amount to \$2.47.
- In Quebec, interest is calculated daily, so in that province you save money if you make payments between statements.

### Charge Cards

- Irving Oil calculates penalties on the outstanding daily balance.
- The American Express and Diner's Club/enRoute account balances are due on receipt of statement. A delinquency assessment equal to 30% per annum is charged on unpaid balances. Cards are cancelled if balances remain unpaid.

\* Credit card facts and figures can be obtained through the Consumer Policy Branch of Industry Canada. Contact Edith Morber at (819) 994-4857.