

- * No Change in Credit Card Rates
- * Credit Card Chargebacks and Agreements:
Disputing your bill
Losses or Thefts

Compiled by the Office of Consumer Affairs of Industry Canada from information given by card issuers and accurate as of September 24, 1997.

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Consumer Advisory

Credit Card Rates

There has been no movement in credit card interest rates over the summer months. The rate of the sample credit card tracked by Industry Canada remains 16.5%, making the spread between it and the Bank of Canada rate 13 percentage points. The interest rate of the sample low rate credit card also has not changed and currently stands at 9.4%.

Credit Card Chargebacks and Agreements

Credit cards can be a great help to consumers but even when properly used, errors can cause them to become a source of great frustration. For example, have you ever found yourself wondering about an item appearing on your monthly statement that you are convinced was not purchased with your card? You may have entirely forgotten about having purchased that item, or it may be a billing error. Similar errors may result in one item being charged more than once or an incorrect amount being charged. Various other problems can occur at some stage of credit card use through no fault of the cardholder. These problems can usually be solved through a chargeback.

A chargeback can be defined as a method of enabling a credit cardholder to resolve disputes about aspects of a billing statement or transaction through the credit card issuer. Consumers questioning an item on a monthly statement should immediately contact the card issuer. The card issuer will then request a draft transaction record from the merchant in question to rectify the situation. For example, if a particular transaction never took place, the merchant would not have a record and the item would be dropped from the cardholder's statement.

Problems more serious than errors in the billing process are possible where credit cards are involved, including unauthorized use in the case of lost or stolen cards. In these circumstances, the cardholder's liability is limited to \$50, provided the cardholder has reported the loss or theft to the card issuer immediately. If the cardholder does not notice that the card is missing for a couple of weeks during which time there is unauthorized activity on the card, he/she may be liable for more than \$50.

In addition, the cardholder is responsible for all authorized and unauthorized use requiring a Personal Identification Number (PIN), such as cash advances, because it is the responsibility of the cardholder to keep the PIN secret. Thus, a cardholder should not write down the PIN on the card or keep it in a wallet with the card. As well, he/she should not use an obvious PIN, such as a date of birth.

Questions of liability, as well as other cardholder responsibilities, are detailed in credit card agreements. Consumers should read the agreement upon receiving a credit card as use of the card indicates compliance with all the terms and conditions of the agreement. If parts of the agreement are not clear, cardholders should contact their credit card issuers and/or their provincial consumer bureaus in order to understand both their responsibilities and rights.

September 1997

General Credit Cards (as of September 24, 1997)

Card Issuer	Annual Fee	Interest Rate	Grace Period	Interest Calculated from Date of Purchase
MasterCard	\$	%	Days	
Bank of Montreal Standard	0	18.40	23	x
Basic	0	15.40	19	x
Low Rate Option	25	9.40	19	x
Canada Trust	8 ¹	16.50	21	x
CS CO-OP	0	18.40	21	x
National Bank Standard	0	18.40 ²	21	x
Economic Option	12	14.00	21	x
Low Rate Option	25	9.25	21	x
National Trust Basic	0	16.75	21	x
Low Interest Option	30	9.50	21	x
Niagara Credit Union	0	17.50	21	x
Low Rate Option	25	9.25	21	x
Canadian Tire	0	18.90	21	x
VISA				
Scotiabank Standard	8	16.75	21	x
Value Visa	29	9.25	25	x
CIBC	0	16.50	21	x
Select Visa	29	9.9	17 ³	x
Desjardins Standard	0	17.50	21	x
Low Rate Option	25	9.50	21	x
Laurentian Bank	0	17.50	21	x
Reduced Rate Option	24	9.50	21	x
Royal Bank Standard	0	16.50	21	x
Low Rate Option	25	9.50	21	x
TD Bank Standard	0	17.50	21	x
Emerald Visa	12 ¹	9.25	0	x
Vancouver City Savings	0	16.50	21	x
American Express				
Standard	0	9.9 (6 months) 13.95 (Preferred) 17.95 (Standard)	21	x
Optima	15	16.25	21	x

¹ Under certain conditions, fee may be reduced or waived entirely.

² According to the results of credit analysis, the rate may be different.

³ 21 days in B.C. and Quebec.

Other Credit Cards

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
Imperial Oil (Esso)	--	24.0	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/Delin- quency Rate (% annual)	Grace Period (days)	Late Penalty Calculated from	
				Date of Purchase	Date of Statement
American Express	55	30	30		x
Diners Club/enRoute	65	30	30-60		x
Irving Oil	--	24	25		x

* As of September 24, 1997. Since credit card terms and conditions may change, you should contact card issuers directly for the latest information.

Definitions

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

Charge cards: Cards requiring payment in full each month.

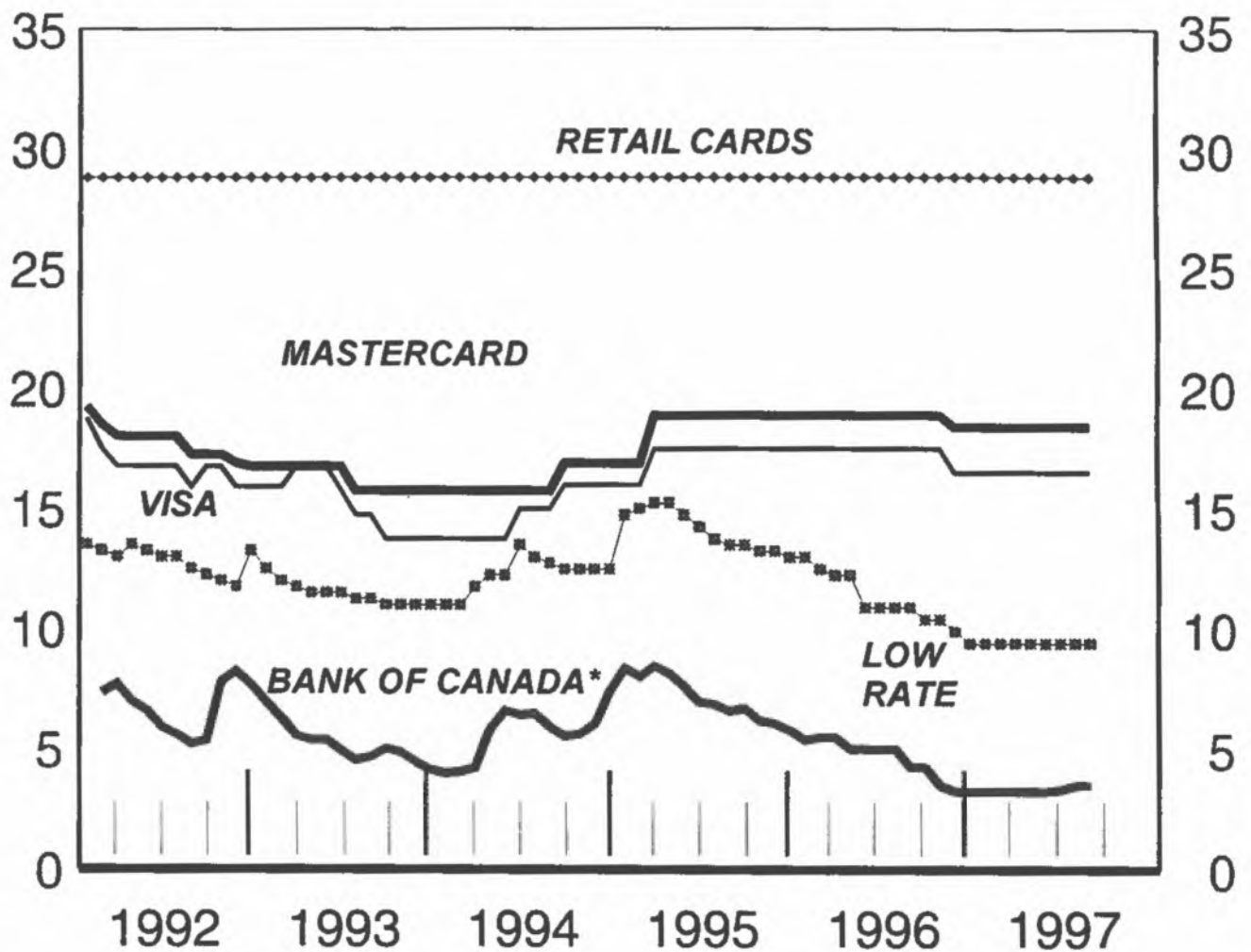
Fees: Charges such as transaction fees, administration fees or annual fees.

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.

Credit Card Rates and the Bank of Canada Rate

Rate (%)



• One Visa, one MasterCard, and one Low Rate Card issuer are used as examples. Rates of other cards vary.

* The Bank of Canada rate is the rate at which banks can borrow money from the Central Bank.

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 by the due date, interest is charged on the daily balance from the date purchases have been posted to the account until it is paid in full.

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), subtract payments equal to 50% or more of the balance from the balance on the statement before charging interest. In Quebec, interest is calculated daily so in that province, you save money if you make payments between statements.
- 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.

Charge Cards

- Irving Oil calculates penalties on the outstanding daily balance.
- The American Express and Diners 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.