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FAIRNESS IN LENDING

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**Angry Consumers Flood Federal Reserve Board with Complaints on
Credit Card Practices; Over 8,200 Consumers Tell of Abuses**

(Boston, MA—July 1, 2008) More than 8,200 angry citizens have flooded the Federal Reserve Board's inbox since it invited personal comments regarding a proposed new rule to end "Unfair or Deceptive Acts or Practices." Sarah Byrnes, Campaign Manager of Americans for Fairness in Lending (AFFIL), released the following statement on this exceptional outpouring of consumers' support for regulation and their frustration over unfair credit card practices and overdraft loan abuses:

"American consumers are mad as hell and they're not taking it anymore. Especially when it comes to credit card companies and their abusive practices.

"The responses from outraged consumers posted on the Federal Reserve Board website are eye opening and heart breaking. A working woman sees her meager paycheck so eaten away by minimum payments following an unjustified rate hike that she is forced into bankruptcy. A 23-year old trying to make her way in a new city gets hit with \$750 in overdraft debit cards charges in two days after one late direct deposit and is forced to return home to her parents. For three respondents, interest rates jumped from 8% to 22%, 13% to 24%, and 10% to 28%, all for highly questionable reasons.

"Americans are telling the Federal Reserve Board in no uncertain terms that they have had enough of these tricks and traps. Consumers are demanding strong federal regulations to ban the most egregious credit card practices—doubling and tripling interest rates, applying these higher interest rates retroactively to outstanding balances, imposing exorbitant penalty fees, and requiring binding mandatory arbitration clauses. But many wonder whether the Fed will listen to banks more than consumers and come down on the side of 'business as usual.' There's no doubt that the banks are pressuring the Fed to tone down the proposed changes.

"Our government protects us from unsafe foods and drugs. Shouldn't we demand reasonable protection against dangerous lending practices that deplete and destroy assets? We believe that consumer voices are what's missing in the dialogue between banks and the Federal Reserve Board. That's why AFFIL is helping consumers to contact the Fed during this period through its website <http://www.affil.org>. The Fed's invitation for comments remains open through August 4, 2008."

Here are some responses from everyday consumers who are also AFFIL members submitted to the Federal Reserve Board on Regulation AA (Federal Trade Commission Act) - Unfair or Deceptive Acts or Practices [R-1314]:

"I get a form letter from Bank of America that says my interest rate is going to be raised from 7.9% to 21.99%. Why? Because I have a large balance that I haven't paid off and I carry balances on a few other cards. Never mind that I'm not late, overlimit or anything else that would be a problem."

Angela, Louisville, Kentucky

“The worst is Bank of America....The worst experience with this card was when I received my statement the other day. There was a \$39 late fee on it. I knew that I paid on time and when I called the rep stated that I ‘paid too early’ so that it was applied to my previous billing cycle. Therefore, it was if I hadn’t made any payment in [the] current billing cycle. I have never heard of such a thing, being penalized for paying too soon.”

Eileen, Farmingdale, New York

“My husband and I recently experienced Bank of America raising our interest rate on our credit card from 13% to over 24%. The reason they cited [sic] was because they “re-evaluated” our credit history.... Thankfully we continue to pay all our bills on time but these actions are predatory as I feel like they are in a dark corner just waiting to pounce.”

Jennifer, Fort Meyers, Florida

“Back when the President signed the new bankruptcy law, all my credit cards doubled the minimum payment and at least doubled my interest rates. What was a \$100 minimum payment with a 9.99% interest rate went to \$200 a month at 28%. I had to open more cards to transfer balances to help pay the other cards. Now I have to file for bankruptcy.”

Tim, Troy, Ohio

“Last month’s due date was June 1st (Sunday); the payment was electronically submitted and posted on the 2nd (Monday) and now they say we owe over \$150 in late charges! This is just crazy!”

Christopher, Murfreesboro, Tennessee

“I was forced into bankruptcy by credit card practices that jack up interest rates on payments that are only a few hours late.”

Melissa, Raleigh, North Carolina

“...[T]hey raise my interest rates for no reason whenever they feel it is appropriate. I already borrowed the money at an agreed upon rate and the credit card companies decide on a whim to change that agreement. It is not fair. Please do something to stop this unfair practice.”

Emily, Clarksville, Arizona

For the range of consumer comments submitted to the Federal Reserve Board on its proposed rule, see:
http://www.federalreserve.gov/generalinfo/foia/index.cfm?doc_id=R-1314&doc_ver=1&ShowAll=Yes

As part of its mission to shine a spotlight on predatory lending, AFFIL is launching an education/advocacy campaign focused on credit cards in America and will be providing regular updates and resources for consumers on abusive credit card practices.

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Americans for Fairness in Lending (AFFIL), is a non-profit organization working to end predatory lending practices, provide information to help consumers, educate policymakers about the need for reform, and demand action to assist debt-burdened Americans. AFFIL was created through a partnership of national consumer, civil rights, faith-based, non-partisan and grassroots organizations, including ACORN, Consumer Action, Consumer Federation of America, Consumers Union, National Consumer Law Center, and U.S. PIRG, among others. AFFIL’s goal is to establish fair lending principles and practices that will build and preserve individual and community assets. <http://www.affil.org>