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**No selling.
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**Just the facts
about
credit cards.**

Money made clear™
from the **Financial Services Authority (FSA)**

With our **Money made clear**[™] range of guides, we cut out the jargon and give you just the facts about financial products and services, helping you to make an informed decision.

Just the facts about credit cards.

We try to ensure that the information in this guide, some of which comes from sources outside the FSA, is correct at the time of print. It is possible that some of it is oversimplified, or may become inaccurate over time, for example because of changes in the law. You should check the current position before you take any action.

This is general information to help you make financial decisions. It is not advice, and cannot take account of your individual circumstances. When making decisions about your own circumstances you should consider whether to consult a financial or other professional adviser.

This guide is for you if

You are

getting or already have a credit card; and

You want

to know what your rights and responsibilities are.

It's about credit cards and:

- explains how they work;
- sets out what you need to think about when choosing one;
- tells you what to do if things go wrong; and
- answers some of the questions you may have.

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How credit cards work

A credit card is one way of borrowing money. It allows you to get what you want right away, and to pay later. It's important to keep track of your spending so you can manage to repay what you owe.

Credit cards help you to:

- buy goods and services, and pay regular bills; and
- withdraw cash – see page 10.

For information about other forms of borrowing, including store cards, read our **Borrowing money** guide – see *Useful contacts*.

See the *Jargon buster* on page 24 for an explanation of some of the words you may come across.

Getting a credit card

You can apply for a credit card from most banks, specialist credit card companies, some building societies and some high-street stores. (Stores may

also offer store cards. They are not the same as credit cards as you can only use them in their own stores.) The credit card company will carry out a credit check on you to decide whether to accept your application and how much to lend you (your credit limit) – see page 7.

Credit card charges

The credit card company will charge you:

- interest monthly on any balance you owe;
- a fee for cash withdrawals, balance transfers, foreign currency transactions or for using credit card cheques;
- fees or charges for going over your credit limit or for late or missed payments.

Some credit card companies may also charge you a yearly or monthly fee.

See page 6 for information on shopping around to compare cards.

Your card

The card will carry your card company's name and brand, as well as the brand of one of the card schemes such as VISA, MasterCard or American Express.

You will not deal directly with VISA or MasterCard, but you may do with other card schemes such as American Express and Diners Club.

Credit card companies are also likely to run your account (though some companies may outsource some activities to third parties or another company within their group).

Paying for goods and services

Shops and other businesses that accept credit card payments have various contracts with your credit card company, their bank and card schemes. They usually show the brands of the cards schemes they accept.

Your card will be debited with the amount owing, and the transaction amount will usually be applied to your account straight away, although it may take a few days in some cases.

Keeping track of your spending

If you are using or owe money on your credit card, you will receive a statement each month showing how much you've spent, any money you've paid back, and how much you still owe. You may be able to choose to receive this statement online or by post – see page 11.

Repaying what you owe

You must repay at least the minimum amount stated on the statement each month by the date shown. The minimum amount is likely to be a low percentage of the whole amount you owe or a set amount.

If you don't repay in full each month, you will usually be charged interest on the entire balance – not just the amount still left to pay. And if you fail to make the minimum repayment, there are likely to be extra charges.

If you're paying interest on the balance, making just the minimum repayment on a regular basis will cost you more overall and take you longer to clear the balance.

How credit cards work

Paying your credit card bill

You can pay your credit card bill by cash or cheque (over the bank counter or in the post), debit card, telephone or via online banking. You can normally set up a Direct Debit to pay the minimum amount, the full amount or a set amount in between to suit you.

You must make payments on time otherwise your credit card company may charge you extra and raise your interest rate. Setting up a Direct Debit can help you avoid paying late.

The credit card company must credit your account on the day they receive your payment if you:

- pay cash over the counter at a branch of the credit card company; or
- make electronic payments (for example, over the internet or by Direct Debit).

Ask your bank, building society or payment services provider how long the electronic payment will take to reach your account.

If you are paying by cheque, it will take longer for the money to be in your account as you need to allow up to six working days for the cheque to clear.

Key points

- A credit card is a way of borrowing money. Other ways may be cheaper – read our **Borrowing money** guide – see *Useful contacts*.
- You will be charged for withdrawing cash or using credit card cheques.
- If you don't repay the balance in full each month you will usually be charged interest on the entire balance.

Applying for a credit card

Make sure you've considered all the costs before applying for a credit card. You are responsible for managing your money and making sure you can make the repayments. Use the information you'll get to compare features and charges.

You usually need to be 18 or over to apply for a credit card.

Can you afford the repayments?

Before applying for a credit card, make sure you will be able to afford the repayments. You can use our online **Budget calculator** to help you check your income against your outgoings to see what you would have left at the end of each month to repay your credit card bill – see *Useful contacts*.

If your spending exceeds or is already close to your income, think carefully about whether you really can afford to use a credit card.

Consider whether you will still be able to repay your credit card bill if, for example, interest rates go up or you lose your job. Also think about the cost of any insurance you may buy to protect your repayments – see page 13.

Before you apply for a credit card

The credit card company will give you information, usually in the form of a summary box, listing the main features of the credit card being offered to you. This will include information such as:

- the APR;
- interest rates;
- charges (including any introductory period during which a lower or 0% rate of interest or charges apply); and
- how payments are allocated.

You will also be given a copy of the full terms and conditions. If you are unsure of how the card works you can ask the issuer to explain.

Applying for a credit card

What is APR?

APR stands for annual percentage rate of charge. This is a standard way of showing the costs of borrowing, and allows you to compare different products to help you work out which offers the best deal.

The APR for a credit card is calculated on the assumption that you use it only for purchases. It takes account of the interest charged on purchases, and other charges – for example, an annual fee. But it doesn't take into account any introductory interest rate or the costs of balance transfers or cash withdrawals.

All credit card companies have to tell you the APR to be applied to you before you sign an agreement. The APR will vary from company to company.

If you intend to repay the balance in full each month, a higher interest rate won't matter, but you may still have to pay charges. Consider if a higher APR is worth any incentives you may receive, such as reward points on loyalty schemes or 'cash back' on the purchases you make.

Shop around

Although all credit cards work on the same principles, they offer different APRs, interest rates, and have different incentives, such as 0% interest for a limited period, reward points, and other benefits.

Generally, the lower the APR, the better the deal for you. But don't just look at the APR. Check the interest rate and charges that apply to how you want to use the card, for example for making purchases or transferring a balance. And check how your repayments will be allocated to your balance. These will usually be set out in the summary box.

Comparison websites help you shop around by comparing different cards. You can also use the UK Cards Association's checklist to help you compare – see *Useful contacts*.

Be careful not to apply for credit until you have decided on the best deal for you.

Applying for several credit products within a short time can damage your credit score – see page 7.

When you apply for a credit card

The credit card company will carry out a credit check (known as credit scoring) on you to decide whether to accept your application and will then consider how much to lend you (your credit limit).

Credit scoring – a system that helps lenders decide whether to lend to you. This helps them assess your ability to pay and, where relevant, this can help set your credit limit.

They will use all the information available to them. This will include the information you provide on your application form, any information from other products you may already hold with them and information provided by credit reference agencies.

Someone who has had a credit card and pays all their bills on time may be considered less of a risk than someone who is new to borrowing. Credit card companies will also consider the amount of credit that's available to you and

whether a request for more credit may cause you difficulties in repaying.

If you're not on the Electoral Register (voters' list), the credit card company may refuse your application. This is because credit card companies use it to confirm your name and address.

Credit card companies won't go into detail about how their scoring systems work, but if you are refused credit, they must tell you the main reason if you ask. They must tell you the name of any credit reference agencies they used.

Credit limit – this is the maximum you can borrow using the card, based on their assessment of your ability to repay. If you go over that limit, your card will probably be refused when you try to use it. Even if your card isn't refused, you will probably have to pay an extra charge to the credit card company for exceeding your credit limit.

Your credit card company may offer – or you can ask for – a higher credit limit. You can always refuse the higher credit limit, or ask for it to be reduced if this helps you manage your money.

Applying for a credit card

Your credit card company may also decide to reduce your credit limit and they don't have to give you a reason for doing so. However, you can ask them for an explanation.

Credit reference agencies

If you're an adult living in the UK, it's almost certain your name and details are held in the files of the three main credit reference agencies: Experian Ltd, Equifax plc and Callcredit plc – see *Useful contacts*.

When you apply to borrow money, credit card companies will check your record at one or more of these agencies.

This will give them:

- public record information about you, such as Electoral Register details, any court judgments or records of bankruptcy against you;
- credit account information, such as whether you're up to date with your payments on credit products; and

- credit checks that other companies have made when you've applied to them for credit.

Seeing your credit report

It's your legal right to see your credit report and to correct anything in it that you can prove is wrong. You can get a complete report for £2, known as a statutory report, usually by post. Be aware that other services online or by telephone may cost more. Checking your own credit report does not harm your credit score. There may also be things you can do to improve your report.

Incentives

Incentives are benefits or advantages a credit card company offers you for taking out a credit card such as an interest-free period, loyalty points, 'cash back' or free gifts. Although these can be good value for money, you shouldn't rush into a decision just to take advantage of an incentive. Take time to decide whether the credit card is right for you.

Key points

- A credit card can be an expensive way of borrowing over the longer term. A personal loan or other form of credit may be better.
- Use the APR to help you shop around and compare deals but check if rates and charges differ according to how you use the card.
- Check your credit report and correct it if anything is wrong.

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Key things to think about

You can use your card to make purchases here and abroad, transfer a balance from another card or even to withdraw cash – but there are costs for each. You also need to think about protecting your repayments as well as your personal information.

Using your card

Balance transfers – you can transfer a balance you owe on one credit card to another card. This could save you money if the new card has a lower interest rate. But check if you will have to pay a one-off balance transfer fee.

Make sure you find out all the costs of a card before transferring your balance and check the interest rate that will apply once any introductory period has ended.

Withdrawing cash – you can use your credit card to withdraw cash from a cash machine, but you will usually have to pay a fee. You will also usually start paying

interest immediately on the amount withdrawn. The interest rate may also be higher than for purchases, so be aware that doing this can be very expensive.

Credit card cheques – you may be given credit card cheques to use. You can use these instead of regular cheques from your current account. But bear in mind you will usually start paying interest on the money as soon as it is debited from your account, and there may be other charges. You are also likely to have fewer rights than if you pay by card – see *If things go wrong* – so check before you use one.

Using a 0% introductory offer – making purchases during a 0% introductory period is the cheapest way of borrowing. This may help when you have to make large purchases in a short time. If you want to avoid paying interest, make sure you remember when the introductory period ends and plan how you will be able to afford to clear the balance in good time.

Using your card abroad – before you go, tell your credit card company you may be using your card abroad. Otherwise they may think your card is being used fraudulently and so block your card transactions.

If you withdraw cash or make purchases abroad, you may have to pay a fee and foreign exchange rates. This cost is likely to depend on the value of the transaction. This is on top of any interest or fees you have to pay normally.

Your statements

You should receive a statement each month. Make sure you check it to help you keep track of how much you owe and allow you to spot any errors or transactions that may be fraudulent – see *If things go wrong*. The information on your statement is likely to include:

- all the transactions and any refunds since your last statement date;
- any fees or charges;

- any exchange rate used and charges applied to transactions in another currency;
- the interest rates applying to different uses of the card;
- any added interest;
- the minimum repayment due; and
- the ‘allocation of payments’ – see below.

Allocation of payments

When you pay an amount off your credit card bill, the credit card company reduces your balance in a specific order. How they use your payments to reduce your balance may be important if you don’t repay the balance in full each month.

They may use your payment to repay separate parts first, such as the oldest debt, or the part with the highest or lowest interest rate. If the payment is allocated to the cheapest debt first, for example purchases during a 0% introductory period, it will

Key things to think about

take longer and cost more to repay other parts of the balance such as cash withdrawals.

The credit card company must let you know in what order they allocate your payment to the balance. Check this carefully if you are thinking of using the card in different ways.

Continuous payment authority

You can use a credit card to set up a continuous payment authority to allow a business to charge your card regularly, for example for a gym membership or a magazine subscription. This is different from setting up a Direct Debit on your current account, because banks and businesses that belong to the Direct Debit Scheme must follow a set of rules. The scheme gives you a Direct Debit Guarantee, by which your bank guarantees to refund your account immediately if anything goes wrong. There is no common scheme or set of rules for continuous payment authorities on credit cards and the

Direct Debit Guarantee does not apply. So it is important that you check out the business before you give them the authority to charge your card.

If you want to stop a continuous payment authority at any time, you must contact the business that has your authority. It is best to do this in writing, and to keep a copy in case they dispute this later. You should also write to your credit card company to tell them that you have cancelled the authority.

Key points

- Withdrawing cash or using credit card cheques can be expensive, and you may have fewer rights if you use a credit card cheque.
- You may save money by making a balance transfer, but check other costs and one-off fees.

Protecting your credit card repayments

When you take out a credit card, it's important that you make at least the minimum repayments on time. If you don't, your credit card company will contact you to request a payment and may charge more interest on the outstanding balance and a late payment fee. It could also affect your credit rating. Always speak to your credit card company if you cannot make a payment by the due date.

Different types of insurance can protect you if you can't make the repayments, such as if you become ill or lose your job. For example, credit card payment protection insurance (PPI) pays your minimum monthly repayments or a percentage of the outstanding balance for a fixed period – usually 12 or 24 months.

This insurance is usually optional, and you don't have to buy it from your own credit card company. If you think you may need it shop around for the best deal, but check that your individual

circumstances – usually your health and employment situation – allow you to be covered if you do need to claim.

You can compare PPI and PPI specifically for credit cards by using our online **Comparison tables** – see *Useful contacts*.

For more information about types of insurance read our **Insurance** guide or go to our website – see *Useful contacts*.

Protecting your personal information

Your credit card company will tell you at the outset how to keep your cards, paperwork and account security details safe. They will also tell you what would happen if you lost them or had them stolen.

These include:

- your PIN (personal identification number);
- password;
- other security information known only to you and your credit card company;

Key things to think about

- your cards and other material (for example, credit card cheques and statements).

It's important to follow this guidance.

If you become aware that someone has used your card without your permission, you should contact your credit card company – see *If things go wrong*.

Your credit card company will never contact you to ask for your personal details.

Whenever you contact your credit card company, either to make a transaction or discuss your account, they will ask you to identify yourself by giving some of your personal details.

Credit card companies sometimes contact you to confirm transactions, particularly if the transactions:

- occur many times over a short period of time;
- are very small or very high in value;
- are inconsistent with your normal spending pattern;
- are suspected to be fraudulent; or

- have been made from abroad.

You can protect yourself when using the internet or the telephone:

- Avoid using a public computer or network that you don't know to be secure (for example, at work, a library, or an internet café).
- Don't respond to emails (which may seem to be from your credit card company) asking for your account log-in details or other personal information. This is known as 'phishing' and aims to gain access to your account. If you get such an email always contact your credit card company directly to check if it's valid. Sometimes your credit card company may send you electronic messages through a secure messaging facility when you log into your account online.
- Never put your card details in an email. Emails are not secure and so criminals may be able to access this information.

- Only give your card details over the telephone if you are familiar with the company. Never give your card number to people who call you unexpectedly.
- Think about installing the latest anti-virus or security software to increase your level of security on your PC, and keep these up to date.

If you decide you no longer want to use your credit card, it's a good idea to contact your credit card company and cancel it. You will still have to pay what you owe.

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Key points

- Always check your statements so you can keep track of your borrowing and your transactions (making sure none are fraudulent).
- Never share your PIN or password with anyone.
- If you think someone else knows your security information contact your credit card company straight away – they'll tell you what to do.
- Destroy statements (for example by shredding them) before throwing them away.

Before and after you take out a credit card:

Check

that a credit card is right for you. If you want to borrow over the long term, a personal loan may be cheaper.

Check

the APR but also check other costs of a credit card. Use the summary box of features to compare cards when shopping around.

Check

that you understand the terms and conditions of your credit card – if something isn't clear, ask questions and don't sign until you're satisfied that it's right for you.

Check

you aren't agreeing to payment protection insurance if you don't want it. If you do take it out, make sure you know when it will or won't pay out by checking the policy summary.

Your questions answered

Question

I think my credit record may be wrong – what can I do?

Answer

You can write to any credit reference agency, and ask to see the information that they have about you. It usually costs no more than £2 to see your report.

You may also be able to use online and telephone services offered by the credit reference agencies but these may cost you more. The contact details for the main credit reference agencies are in *Useful contacts*.

If you've been refused a loan or credit, ask the credit card company for the name and address of the credit reference agency they use. You need to do this within 28 days of being turned down and the credit card company must give you the information.

Question

After paying off part of my balance the interest added is more than I expected. Why is this?

Answer

How much interest you pay depends on how much you pay off and when you pay it. The later you pay, the more interest you will be charged. The credit card company usually calculates interest on the entire balance, not just what was outstanding after your payment.

Your questions answered

Question

Should I pay for credit card protection insurance to protect me against fraud?

Answer

With this insurance you can register your credit cards and other cards with the insurance provider. If your cards are lost or stolen, you can contact the provider who will contact your card companies to cancel your cards.

The policy may offer other benefits such as cover for lost cash and cover against fraudulent use of your cards if they are lost or stolen. However, the law limits your liability to pay for losses on your card if it's lost or stolen, so consider if you really need this type of cover. See *If things go wrong* on page 21 for more information about the limits to your liability.

Question

Should I take out insurance in case I can't meet the repayments?

Answer

Some credit card companies suggest you buy payment protection insurance (PPI) from them when you start using a credit card.

First, make sure you don't already have insurance that will cover you for this, for example, through the benefits offered by your employer or another policy that you have already taken out.

If you don't already have cover, think about whether you could manage the repayments anyway. PPI is usually optional, and there are other forms of protection insurance available. If you do want to take out insurance, shop around for a good deal. You can compare PPI by using our online **Comparison tables** – see *Useful contacts*.

Question

I'm worried that I've got too much debt or too many credit cards – what can I do?

Answer

You can close your credit card accounts by paying off any debts and letting your credit card company know that you're closing your account.

You can also refuse any credit limit increase or ask for your limit to be reduced.

Our confidential online **Debt test** will help you find out whether you have, or are likely to have, problems with repaying your credit cards or other borrowing. After answering a few simple questions about yourself and your finances, it will then:

- give you tips on how to avoid debt problems; and
- help you to tackle your debts if you are in trouble.

The **Debt test** tells you how your financial situation may seem to a credit card company, so the results may interest you even if you have no debts – see *Useful contacts*.

If you are experiencing difficulties, there are specialist advice agencies to help you – see *Useful contacts*

Question

Can the bank or building society use my savings to pay off money I owe them?

Answer

In certain circumstances a bank or building society has a right – but not a duty – to look at a customer's overall position and to 'combine' the accounts held by that customer. This is sometimes called a right of 'set off' or a right to 'combine' accounts.

They have this as a general, legal right, whether or not they mention it in the account terms. They can transfer money from an account that is in credit to make payments due on another account. Certain conditions must be met before they can exercise this right.

Next steps

Step 1

Consider whether a credit card is right for you. Read our **Borrowing money** guide to see if another form of borrowing may be better – see *Useful contacts*.

Step 2

Shop around for the best deal for you. Use the APR to compare deals but also check any other costs that might apply. Use the summary box of features and charges to compare cards when shopping around.

Step 3

Make sure you get and read the terms and conditions and ask questions if anything is unclear. Find out how the credit card company will deal with you and your account. And make sure you know what you need to do to help your account run smoothly and minimise any charges you may have to pay.

Step 4

Make sure you at least make the minimum payment shown on your statement, but remember that you will pay interest on the balance.

If you're paying interest, try to pay more than the minimum payment, otherwise it could take a long time and cost more to clear your balance.

If things go wrong

Even though you may have taken steps to keep track of your money or protect your personal details, mistakes, accidents and thefts can happen. And if your personal circumstances change, you may find it difficult to repay what you owe.

Lost or stolen

You must tell your credit card company as soon as you can if:

- you lose or have your credit card or credit card cheques stolen;
- your credit card PIN, password, or other security information is lost or is made known to someone else; or
- you suspect someone else has used (or tried to use) your card or credit card cheque without your authority.

If someone has used your card before you tell your issuer it has been lost or stolen, the most you will have to pay is £50.

Once you have told your credit card company of the loss or theft, you will not be liable for any later transactions.

If you have acted fraudulently or have been grossly negligent with your personal details, your liability for any unauthorised transactions is not limited. You may then be responsible for all transactions.

Unauthorised transactions

If there is an unauthorised transaction on your credit card account, you should dispute it without undue delay (and no later than 13 months after the transaction).

It is for the bank, building society, or credit card company to show that the transaction was made by you and there was no breakdown in procedures or technical difficulty.

If things go wrong

If you've not authorised the payment then your credit card company must immediately refund you the transaction amount unless they have some evidence suggesting you may not be entitled to a refund because of the way you have acted. In these cases, the credit card company may investigate the claim, but must do so as quickly as possible.

For some transactions, you can authorise a payment and leave the amount to be paid blank, for example for a hotel or regular bill. If you then dispute the amount charged, you may ask for a full refund. Your credit card company or bank may ask you for more information such as why you think you are entitled to the refund. After receiving the information, they should either refund the money or give you a reason for not doing so within 10 working days of you providing the information.

Protection for credit card purchases

When you use a credit card (but not a credit card cheque) to buy something, both your credit card company and the supplier (the people you're buying from) are responsible for your purchase. For example if the goods are not delivered or are faulty or not as described, you can claim your money back from the credit card company or the supplier. This could be useful if, say, the supplier goes bust. This protection applies whether you use your card in the UK or abroad.

You are entitled to this protection by law (under Section 75 of the Consumer Credit Act 1974), but there are exceptions. The credit card company is only liable if the cash price of a single item you pay for – or make part-payment for – is over £100 and no more than £30,000.

And you may not be protected if you use your credit card to pay a business that is different from the one that supplied the goods or services. This can sometimes be the case with timeshare and holiday clubs.

Can't keep up your repayments?

If you get into difficulties and can't make your repayments, talk to your credit card company as soon as possible. Even though a credit card isn't secured on your home, failing to pay could, in exceptional circumstances, even put your home at risk. This is because the issuer may ask the courts to allow it to secure the debt on your home. If this happens, then the credit card company may be able to repossess your property.

No matter how bad things may seem, you can get free and expert help. Several organisations can help you find out where you stand and advise you on your legal rights. They can also

arrange for a debt adviser to talk with your credit card company to work out a way forward – see *Useful contacts*.

Complaints

If you have a complaint about the service you receive you should first contact the credit card company to enable them to resolve the matter.

They must have a procedure in place for dealing with complaints.

If you're not satisfied with their response, you may be able to take your complaint to the Financial Ombudsman Service.

The credit card company must give you the details of this free service – see *Useful contacts*.

For more information, get our **Making a complaint** guide – see *Useful contacts*.

Jargon Buster

Some key words and phrases explained.

APR

Annual percentage rate – this shows the average yearly cost of a credit card taking into account the interest rate charged, any fees and other account running costs.

Balance (outstanding)

Money you owe on your credit card.

Balance transfer

A service that some credit card companies offer to allow you to transfer the amount you owe on one credit card to another credit card held with another company.

Card schemes

These are the networks behind card payments, such as Visa and MasterCard, which ensure that you can use a credit card wherever you see the badge of the scheme – in a cash machine or in shops all around

the world. These organisations may not have a relationship with personal cardholders like you but they do set the operating rules that all card payments follow.

Cash withdrawal

Cash taken out on your credit card from a cash machine or over the counter in a credit card company's branch.

Chargeback

A facility where you can ask your credit card company to refund your card if you have a dispute over a transaction, for example for any goods or services that you didn't receive or that turned out to be faulty.

Chip and PIN

All credit cards in the UK carry a special microchip which used with your PIN (personal identification number) provide extra protection from fraud when used at a cash machine or to purchase something from a retailer.

Credit card issuer

The bank, building society, or credit card company that gives you your credit card and is the name on your contract.

Credit card protection insurance

An insurance policy that can cover you against fraudulent use of your cards if they are lost or stolen. Without this insurance the most you will be liable for is £50 as long as you took reasonable care.

Credit check

A search of your borrowing record, also known as your credit history. A bank or other organisation carries out a credit check on a person when deciding whether to lend them money.

You can also check your credit history for a small fee by contacting one of the credit reference agencies.

Credit limit

The maximum amount you may borrow on the card. If you go over this limit, your card may be refused and you are also likely to have to pay extra charges.

Credit reference agency

A firm whose business is gathering data about individuals (and businesses) that can be used by lenders to assess creditworthiness.

Credit scoring

The system your credit card company uses to decide on your creditworthiness, whether to give you a card, the interest charged on your account and to set your credit limit.

Debit card

A card issued by a bank or building society that you use to pay for goods. The money is usually taken from your bank account immediately.

Direct Debit

Regular payments taken directly from your bank account on an agreed date. You can use this method to pay your monthly credit card bill, either the whole balance or the minimum repayment or something in between.

Interest

The charge that credit card companies make when you borrow their money. This is not the same as an APR.

Interest-free period

The time between when you buy something on a credit card and the date when you pay interest on it. This could be 56 days or more and is generally interest-free. So if you settle your bill in full every month, it's free borrowing.

Remember that you may be charged interest when you make a cash withdrawal or use a credit card cheque until this amount has been paid off.

Introductory offer

A period after you first get your card, when a lower interest rate or fee schedule may apply.

Minimum repayment

The minimum amount you must pay each month to keep to the terms of your agreement.

Payment allocation

All credit card companies will reduce your overall balance in a specific order and they must let you know in what order they allocate your payment to the balance.

Payment protection insurance (PPI) – also known as accident, sickness and unemployment (ASU)

An insurance policy that can pay your card repayments for a set period if you're unable to earn because of illness or redundancy.

Statement

A detailed list of all purchases and transactions, including any refunds you made with your card over a given period.

Store cards

Store cards work in the same way as credit cards except you can only use them in the store/group of stores that provides the card.

Transaction

When you make a purchase, this generates a transaction that is charged to your credit card account.

Useful contacts

Financial Services Authority (FSA)

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Go to **Tools & calculators** at www.moneymadeclear.fsa.gov.uk

Useful contacts

Call rates may vary – check with your telephone provider.

Information about credit cards

Consumer Direct (UK except Northern Ireland)

08454 04 05 06

www.consumerdirect.org.uk

Consumer Line (Northern Ireland)

0845 600 6262

www.consumerline.org

Choosing and using

www.choosingandusing.com

Print out their checklist for comparing the features of different cards.

The UK Cards Association

www.theukcardsassociation.org.uk

To report a misleading credit card promotion

Trading Standards

www.tradingstandards.gov.uk

See the Phone Book or website for your local Trading Standards.

Credit reference agencies

Callcredit plc

0870 060 1414

www.callcreditcheck.co.uk

Experian Limited

0844 481 8000

www.experian.co.uk

Equifax plc

www.equifax.co.uk

Protecting yourself against card fraud

Cardwatch

www.cardwatch.org.uk

Information Commissioner's Office

www.ico.gov.uk

Personal Information Toolkit

Complaints

Financial Ombudsman Service

South Quay Plaza
183 Marsh Wall
London E14 9SR

0845 080 1800

www.financial-ombudsman.org.uk

For help with debt problems

advice4debtNI

0800 917 4607

www.advice4debtNI.com

Advice UK

020 7407 4070

www.adviceuk.org.uk

Does not give advice but gives details of advice agencies in its network.

Citizens Advice Bureau (CAB)

www.adviceguide.org.uk

See the Phone Book, Yellow Pages or website for your local CAB.

Consumer Credit Counselling Service (CCCS)

0800 138 1111

www.cccs.co.uk

Money Advice Scotland

0141 572 0237

www.moneyadvicescotland.org.uk

National Debtline

0808 808 4000

www.nationaldebtline.org.uk