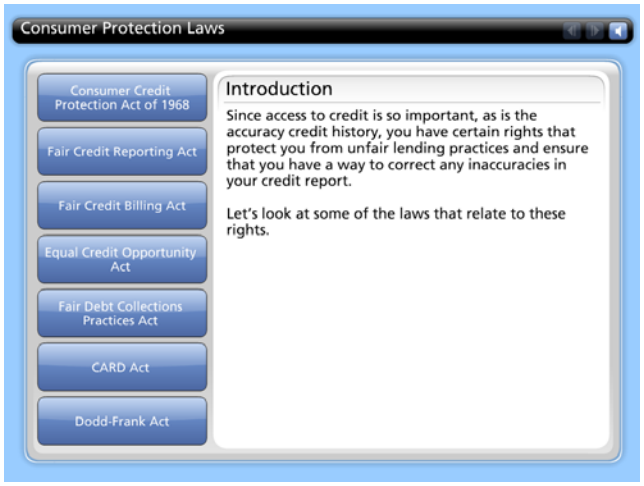
Consumer Protection Laws

Introduction

5 seconds



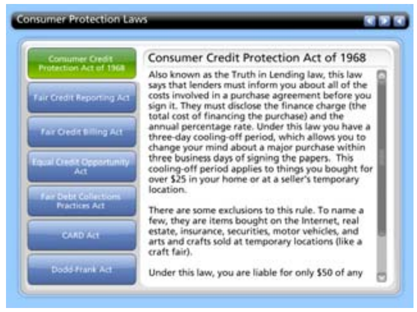
Tab Text

Since access to credit is so important, as is the accuracy credit history, you have certain rights that protect you from unfair lending practices and ensure that you have a way to correct any inaccuracies in your credit report.

Let's look at some of the laws that relate to these rights.

Consumer Credit Protection Act of 1968

5 seconds



Tab Text

Also known as the Truth in Lending law, this law says that lenders must inform you about all of the costs involved in a purchase agreement before you sign it. They must disclose the finance charge (the total cost of financing the purchase) and the annual percentage rate. Under this law you have a three-day cooling-off period, which allows you to change your mind about a major purchase within three business days of signing the papers. This cooling-off period applies to things you bought for over $25 in your home or at a seller's temporary location.

There are some exclusions to this rule. To name a few, they are items bought on the Internet, real estate, insurance, securities, motor vehicles, and arts and crafts sold at temporary locations (like a craft fair).

Under this law, you are liable for only $50 of any purchases made after your report your credit card stolen or lost. Many companies now charge you nothing if your card is used fraudulently and you report it. You have no liability if you report it lost or stolen before it has been used.

Fair Credit Reporting Act

5 seconds

Tab Text

This act regulates the activities of the big three consumer reporting agencies and the how your consumer credit information is used. Under this law, you have several rights regarding your credit report. If you have been denied credit, you have the right to know what is in your file and who has seen it.

You can get a copy of your report for free if you request it within 30 days of the credit denial, even if you have already received your free annual reports. This law gives you the right to have inaccurate information investigated, corrected, and deleted from your file. Creditors must correct any errors without lowering your credit rating. The law also requires the credit reporting agency to issue a new report to everyone who has seen the incorrect report. If the information in your report is basically correct but you have an explanation for the bad information, this law gives you the right to write a letter and have it placed in your file explaining your side of the story.

Fair Credit Billing Act

5 seconds

Tab Text

This protects consumers against inaccurate and unfair credit billing and credit card practices and provides consumers with a mechanism for addressing billing errors. It also requires creditors to fix billing errors within a certain amount of time.

Every billing period, creditors must send you a detailed statement of all charges and credits to your account. They must have a written policy for correcting any billing errors. If you find an error on your bill, you must report it in writing within 60 days of receiving the statement. When you write the company about the error, be sure to highlight the incorrect information and send in all supporting documentation to explain why the information is incorrect. The company must acknowledge your letter within 30 days and resolve the issue within 90 days.

Resolution can include deleting or correcting the wrong amount or proving that the amount has been investigated and proven valid. You must still pay any other amounts you owe while the amount in question is being investigated.

Equal Credit Opportunity Act

5 seconds

Tab Text

This act was designed to prevent discrimination when determining a person’s creditworthiness. You cannot be denied credit for a number of reasons including your gender, marital status, religion, national origin, race, color, or age. You also cannot be denied simply because you get welfare or other public assistance or if you collect unemployment, social security, or retirement benefits. This act states that you have to be judged based solely on whether you are able to pay a debt.

After you apply for credit, you have to be notified of an answer within 30 days, and if you are denied credit, it must be in writing and you must be given a specific reason for the denial. You do have the right to appeal the denial of credit and the company who denied you must give you the address and name of the federal agency that enforces this law.

Finally, this law says that both the husband and the wife are held responsible for paying for any debts.

Fair Debt Collections Practices Act

5 seconds

Tab Text

The Fair Debt Collections Practices Act protects you against abusive and deceptive practices by debt collectors. If someone stops paying a debt or a bill, a company may hire a debt collection company to collect payments on the debt.

Debt collectors cannot use threats, obscenities, or false and misleading statements to intimidate you into paying your bill. When and how often they can call you is also restricted by this law. They are not allowed to contact you before 8 a.m. or after 9 p.m. They also have to make sure the bill they are trying to collect is accurate and give you an opportunity to clarify and dispute the bill by notifying you in writing with the amount you owe, the name of the creditor to whom you owe it, and what you should do if believe there's a error and don't owe the debt.

CARD Act

5 seconds

Tab Text

The Credit Card Accountability, Responsibility, and Disclosure (CARD) Act bans credit card companies from imposing unfair rate increases and unfair fees on card holders. This act also requires that credit card contract terms be presented to consumers in clear language and ensures accountability from credit card issuers and regulators.

This law was designed to give consumers some measure of protection as card holders so that they don't open a card with one set of terms, and then the card issuer changes those terms without warning once the card holder owes them money.

Under this act, creditors usually can’t increase your interest rate on existing balances and must give you 45 days’ notice before they increase your rate on new transactions. The law also limits the fees that card issuers can charge and requires that they have consistent due dates and times for their billing cycle.

Dodd-Frank Act

5 seconds

Tab Text

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 was enacted to put the interests of consumers before the financial stability of banks or national monetary policy. This act established the Consumer Financial Protection Bureau (CFPB) whose main purpose is to protect American consumers who want to purchase consumer financial products. The CFPB is responsible for making sure that consumers have all of the information they need to understand the terms of agreements with financial companies concerning things like mortgages, credit cards, and other consumer financial products.

This agency is are also responsible for promoting financial education, supervising banks, credit unions, and finance companies, and enforcing Federal consumer financial laws. They gather and analyze information to understand the needs of consumers, financial services providers, and the consumer financial markets. The goal of the CFPB is to help people make the best financial decisions possible by having prices clear up front, making risks visible, and having nothing hidden in the fine print.