

From: "Linda C Thomas" <ltho@loc.gov> on 07/31/2008 02:50:02 PM

Subject: Regulation AA

This is why consumers continue to get into debt and stay in debt because of creditors such as CreditOne Bank, P.O. Box 60500, City of Industry, CA 91716-0500. My 22 year daughter had been bugging me to help her chose a credit card since every time she tried to get something in the form of credit she would get the same message over and over again – you have no established credit. So, a Pre-Approved Visa Platinum application came in the mail for a credit line of \$200. Well, I thought this would be a good start for her since the card had such a low limit that would not let her get in over her head and allow manageable payments.

Well, BIG mistake – when she received the credit card and activated it, she received a statement with a \$75 dollar activation fee, which is nearly ½ of the credit card line of \$200.00. I thought these people had lost their mind – how could you charge nearly ½ of a credit card line for an activation fee. I called them on her behalf and got the must rude help – they stated this was on the application in big print. So, she was going to close the account, but they stated that she still had to pay the activation fee, so there was no point to closing the account. Note, since that time she has gotten additional applications from that same company, I am still trying to find the big print stating there will be a \$75 activation fee – now it could possibly be on the back of the application – you know the fine print – I did not even bother to look their because they know good and well it is not too many people reading the fine print when they want a credit card.

So, the plan was for her just to file the card and use only if necessary, but every month after she paid the credit card in full, she continued to get a statement for \$5.75. She paid the first two months just thinking that was so sort of interest on the prior statement. So, she finally called and they said this was a monthly fee for reporting information to the Credit Bureau. Well, excuse me, but what and why would they need to report anything to the Credit Bureau if you owe \$0. I have several credit cards with \$0 balances and I have never received a bill for a fee of reporting zero dollars to the Credit Bureau.

At that time she felt like she had no choice but to close the account. Her experience was so bad from the first credit card she obtained , she had decided that she does not want any more credit cards, which is probably a good thing.

Now, looking at this situation, I can see how so many young people get into credit card debt, especially if they have not had a good role model to follow.

You receive a card with a \$200 credit card limit – thinking wow, I can charge \$200 and you go do that before you get the first statement with the \$75 activation fee, then you are over the limit and will be hit with an over-the-limit fee, so that is how quite a few first time credit card users get in trouble. It should be a law as to what credit card lenders

are allowed to do, such as charging a fee that is nearly half of your balance should not be allowed, charging a monthly fee when you have a zero balance should not be allowed, etc. I think the FEDS should start with policies such as these to keep credit card companies from operating in such a manner.

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