



Your Rights and Responsibilities

The Cost of Borrowing with a Credit Card

*If you want to know more about
your rights and responsibilities
when:*

- You shop around for a credit card
- You receive your new card
- You receive your statement
- Your credit card agreement changes

...then this booklet is for you!



About FCAC

The Financial Consumer Agency of Canada (FCAC) is an agency of the Government of Canada. It was created to protect the rights of consumers and inform them about financial products and services.

How We Protect You

We make sure that financial institutions regulated by the Government of Canada follow the consumer protection measures set out in federal laws and regulations. We also see to it that they respect their own codes of conduct and their commitments to you, the consumer.

If you'd like to learn more about consumer protection and about the financial industry's codes of conduct, we'd be happy to hear from you.

How We Inform You

FCAC provides information, tips and tools to help you protect your rights and find the financial products or services you need. You can get this information by calling or writing to us, by visiting our website or through our free publications.

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About Credit Cards and You

The *Credit Cards and You* series explains the features and costs of credit cards. The other documents available as part of the *Credit Cards and You* series are as follows:

Getting the Most from Your Credit Card: Understanding the Terms and Conditions

Want to save money and avoid problems with your credit card? Understanding your credit card's benefits and risks, how your issuer calculates your interest charges and how you can benefit from introductory rates will help you make the most of your credit card. Read about this and more in *Getting the Most from Your Credit Card*.

Your Rights and Responsibilities: The Cost of Borrowing with a Credit Card

It's important to know about the rights and responsibilities that come with a credit card. Doing so will save you time and money, and will help you stay out of financial trouble. *Your Rights and Responsibilities* tells you all about this.

Managing Your Money: How to Save with a Credit Card

Do you want to lower your interest rate, use up your credit balances wisely and make sure your monthly payments are never late? *Managing Your Money* will show you how.

Secured Credit Cards

The *Secured Credit Cards* comparison table includes information about secured credit cards and offers a handy comparison table of different secured credit cards available across Canada. If you've had trouble getting an unsecured credit card, the *Secured Credit Cards* comparison table is for you.



Credit Card Comparison Tables

The following pull-outs compare the features and costs of various credit cards available from credit card issuers across Canada:

- Standard Credit Cards (low-rate and regular-rate)
- Gold Credit Cards (low-rate and regular-rate)
- Platinum Credit Cards (low-rate and regular-rate)
- U.S. Dollar Credit Cards
- Student Credit Cards (low-rate and regular-rate)
- Secured Credit Cards
- Retail Credit Cards
- Charge Cards

The following two tables compare the service fees from various credit card issuers that are applicable to certain credit card transactions:

- Service fees on Visa, MasterCard and American Express credit card transactions
- Service fees on retail credit card transactions.

Worksheet to Help You Choose a Credit Card

This handy pull-out is designed to make your comparison shopping easier. Take this easy-to-follow table with you to your credit card issuer and fill it in. When you're finished, you'll have the information you need to choose the best credit card for you.

Glossary of Key Terms Used in the Credit Cards and You Series

Annual interest rate, cash advance, grace period, prime rate, security deposit ... these are all important terms that you'll find in the ***Glossary of Key Terms Used in the Credit Cards and You Series***. Many of the terms you'll find in your credit card agreement are also defined here.

Your Rights and Responsibilities

Credit cards are handy. They're not only a convenient way to buy things, but they also help you build a good credit history. That's very important when you apply for another loan such as a mortgage or a car loan.

At the same time, using credit cards unwisely may get you into more debt than you can handle. That's why it's important to know about the rights and responsibilities that come with a credit card and to understand your card's features, terms and conditions. Doing so will save you time and money, and will help you stay out of financial trouble.

This booklet tells you about your rights and responsibilities with respect to credit cards issued by financial institutions regulated by the Government of Canada. It will also help you understand what you should look for in a credit card and will give you some tips about using credit wisely. By using the booklet's handy checklists, you will be able to quickly identify the information you need, to get the most out of a credit card.



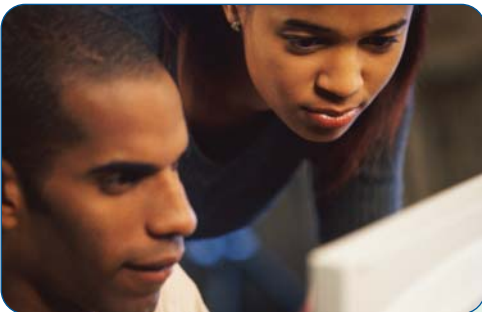
Shopping Around for a Credit Card

When you're shopping around for a credit card, there are certain things you can expect from a credit card company. In an information box at the beginning of the credit card application, the issuer must tell you:

- the card's annual interest rate, which is the interest you will have to pay on the outstanding balance on your card;
- the grace period, which is the time between the statement date and the payment due date;
- the minimum payment you have to make each month;
- any foreign currency conversion fees charged;
- any annual fees charged; and
- any other charges or fees that might apply to your use of the card.

At the same time, you're responsible for deciding whether the features of the credit card are the ones that meet your needs. Before you apply for a card, you need to find out:

- how the credit card issuer calculates interest;
- what you need to do to benefit from the grace period;
- the details of a low introductory rate (if any), including what types of transactions the offer applies to and the regular interest rate after the introductory period ends; and
- any reward programs or other benefits that come with the card.



When You Receive Your New Card

When your credit card arrives, it will have a card agreement or contract with it. This agreement outlines the terms and conditions of the card, so you should read it carefully, understand it and keep it for your records.

In an information box at the beginning of the credit card agreement, credit card issuers must provide the following information:

- your initial credit limit, unless the credit limit has not been determined (in this case, the issuer must provide the initial credit limit with or before your first statement);
- the card's annual interest rates;
- the grace period, if any;
- how the interest charge is calculated;
- your minimum monthly payment and how it's calculated;
- the foreign currency conversion fee and how it's calculated;
- the annual fees that apply; and
- any other charges or fees that may apply.

Your credit card agreement should also include the following information:

- how often you will receive your statements; and
- any optional services available, such as credit balance insurance, and the charges for each one.

Finally, the agreement must also tell you the maximum amount you would have to pay if your credit card was lost or stolen and if someone used it illegally. This maximum amount applies only until you inform the credit card issuer that the card has been lost or stolen. As soon as you report it, you're no longer liable for any misuse of the card. This is why it's important to report a stolen or lost card *right away*.

When You Receive Your Statement

In each statement it sends you, the credit card issuer must give you the following information:

- a description of each transaction made during the period covered by the statement and the amount charged, including interest;
- the date each transaction was posted to your account;
- the amount you must pay, on or before a specified due date, to benefit from the grace period; and
- the amounts during that month for your:
 - purchases;
 - advances;
 - payments;
 - interest charges; and
 - non-interest charges.



When Your Credit Card Agreement Changes

When your credit card issuer changes any features, terms or conditions of your credit card, they must give you the details of those changes in *writing*. They must do this at least 30 days *before* the change goes into effect.

However, there are some changes to your credit card's terms and conditions that don't require advance notice. For instance, for the following changes, the issuer must inform you within 30 days *after* they take effect:

- an extension of your grace period;
- a decrease in a charge that is not related to the interest rate;
- a decrease in the interest rate;
- a decrease in your credit limit;
- a change to any optional service you accepted; and
- if you have a variable-interest-rate card, the change to your interest rate as a result of a change in the reference rate.

Exception: Increase in your credit limit

Your credit card issuer must obtain your permission before raising your credit limit. If the consent is provided verbally, your credit card issuer must confirm the change in writing no later than your next credit card statement.

The information and tips provided in this booklet will help you manage your credit card use and avoid any difficulties with your account. If a problem does arise, knowing about your rights and responsibilities will make it easier for you to understand the issue and to get it resolved quickly and easily.



How You Can Reach Us

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