

Credit Rights and Responsibilities

Discuss ways that laws protect
your credit rights

Describe how to take
responsibility for your own
financial health

Consumer Credit Rights

✿ Truth in Lending

- ✿ Truth-in-Lending Act passed in 1968
 - ✿ Requires all banks to calculate credit costs in the same way
- ✿ Finance Charge--total cost a borrower must pay for a loan, including interest and fees as a percent of the amount borrowed
 - ✿ Allows you to easily compare APR's to determine the best deal
 - ✿ Doesn't guarantee you'll get the best deal

Consumer Credit Rights

✿ Equality in Lending

- ✿ Credit Opportunity Act, passed 1975/ amended 1977, makes it illegal to refuse credit on the basis of race, color, religion, national origin, sex, marital status, or age


Consumer Credit Rights

✿ Protect Your Credit History

- ✿ The Fair Credit Reporting Act, 1971, gave consumers a way to check their credit reports
 - ✿ Requires lending organizations to identify the credit bureau that supplied information used to make lending decision.
- ✿ Consumer Credit Reporting Act, 1996, makes it easier for consumers to correct mistakes on their credit reports

What to do if you are refused credit unfairly?

- ✿ 1. Get contact information for credit bureau from lender who denied credit
- ✿ 2. Write the credit bureau to get a copy of your credit report
- ✿ 3. Study the report for inaccuracies
- ✿ 4. Report errors to bureau in writing
- ✿ 5. Explain unusual circumstances



✿ ****Never assume the credit bureau will take care of a problem for you****

- ✿ Usually they will, but mistakes happen
- ✿ Take responsibility for your own credit history!!!

Consumer Credit Rights

✿ Resolve Billing and Product Quality Problems

- ✿ The Fair Credit Billing Act, part of the Truth in Lending Act, helps consumers credit card billing mistakes
- ✿ You must write the company within 60 days of errors
 - ✿ Includes unauthorized charges/inferior products

Consumer Credit Rights

✿ Protection from Abusive Collection Practices

- ✿ The Fair Debt Collections Practices Act, 1977, stops collection agencies from using abusive practices.
 - Prohibits harassment/abusive conduct
 - Phone calls/workplace visits/etc
 - Applies to businesses collecting debts for others

Consumer Credit Responsibilities

✿ Accept Responsibility

- ✿ You are responsible for your own financial health
- ✿ Credit is a privilege, not a right
- ✿ You must take responsibility for borrowing only what you can afford to repay

Consumer Credit Responsibilities

✿ Know Your Debt Capacity

- ✿ Consider your current fixed expenses before taking on additional debt

✿ USE COMMON SENSE

- ✿ Make sure you have enough money to pay for all the items you need/want each month
- ✿ Make sure you save!

Consumer Credit Responsibilities

✿ Self-Control With Credit

- ✿ Pay More than the Minimum
- ✿ Avoid Too Many Credit Cards
- ✿ Pay Cash
- ✿ Keep Accurate Records