

YOUR CONSUMER RIGHTS REGARDING YOUR CREDIT

Several federal laws protect your consumer credit rights. The Truth in Lending Act requires the lender to disclose the terms of the credit card or loan in a way you can understand. The Equal Credit Opportunity Act prohibits discrimination in the granting of credit. The Fair Credit Reporting Act helps if you have been denied credit. The Fair Credit Billing Act is designed to prevent mistakes on your bills. If mistakes are made, you can take certain steps to get them corrected.

Truth in Lending Act:

Federal truth-in-lending rules require lenders to express the cost of borrowing as the annual percentage rate. This is commonly referred to as the “APR”. The APR and the method of calculating the finance charge must appear prominently on the loan disclosures.

The Equal Credit Opportunity Act:

This law says that you cannot be denied credit because of gender, marital status, age, race, color, religion, national origin, receipt of public assistance income, or your exercise of your rights under truth-in-lending and other credit laws. This law does not guarantee anyone credit. The law does guarantee that your creditworthiness will be evaluated on the same basis as that of all other consumers.

The Fair Credit Reporting Act:

This law gives you the right to receive a copy of your credit report at no charge if you’ve been denied credit within the past 60 days. If you are denied credit, start by contacting the credit bureau. Get your report mailed to you. When you examine your credit report, you should not see any negative information more than seven years old unless you have been declared bankrupt. Federal law requires that unfavorable reports be purged after seven years (ten years in the case of bankruptcy) so that past financial problems won’t haunt you for life.

You can ask the credit bureau to investigate any errors on your credit report; if you initiate an investigation, the credit bureau will contact the creditor who reported the negative information. If the credit bureau can’t verify the accuracy of the item in question, then the information must be dropped from your credit file.

Assuming your report is changed after your review, you can have the credit bureau send the revised report to lenders who got the original version during the previous six months.

If the creditor involved confirms the information but you still think it’s wrong, you can add a short statement to your file, telling your side of the story. This short statement is known as a consumer statement.

The Fair Credit Billing Act:

This law obligates credit card issuers and firms that extend revolving-type credit to post the payments to your account the day the payments are received. Credit card issuers must mail your bill 14 days before payment is due, and they must send you detailed explanation of your rights under this law.