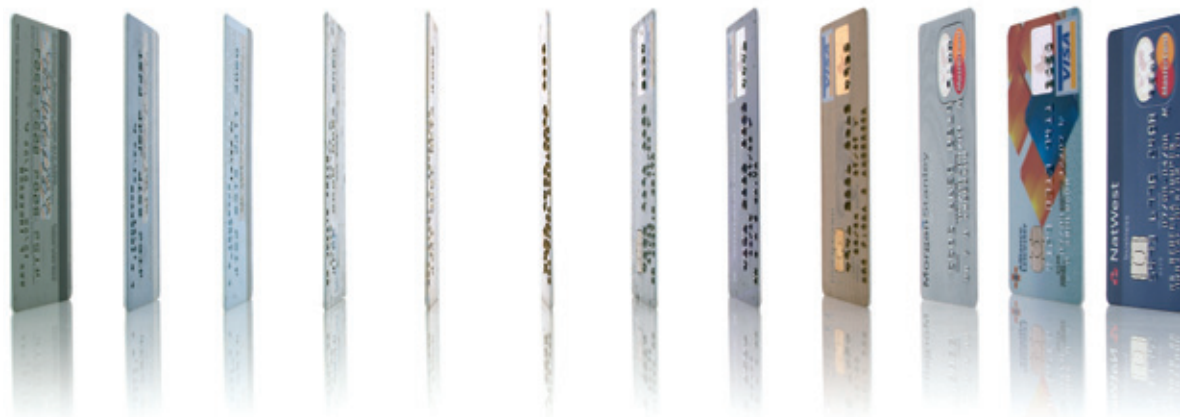


# Payment advice



Helpful information from the UK payments association

## Understanding your credit card statement



Your statement is your guide to your credit card. It tells you everything you need to know about your account since your last statement, the total amount you owe, any interest owing on what you've borrowed and the minimum repayment you have to make that month.

Here we detail some of the common features and terms included on a standard credit card statement. If you require any further explanation about the information contained

on your credit card statement or spot any suspicious transactions, please be sure to read the 'getting help' section on the reverse side of this guide.

### Your statement explained

#### Outstanding balance

The outstanding balance tells you how much you owe in total.

#### Minimum repayment

Most companies insist you make a minimum repayment each month if you owe money. If you only ever make the minimum repayment it will take you longer to pay off your debt and will cost you more – it's not recommended.

#### Payment date

This tells you the date by which your payment must be received by your credit card company. It will need to be sent a specific number of working days in advance of the payment due date, depending on what repayment method you use. Your statement will advise you how soon in advance of the payment due date your payment needs to be sent. If you don't pay at least the minimum amount requested you may incur charges and damage your credit rating.

#### Your card's APR

The APR (Annual Percentage Rate) gives you a measure of the total cost of borrowing on your credit card over a year. It can be a good way to compare the prices of different credit cards as generally the lower the APR the less interest you will have to pay.

#### Interest rates, fees & charges

This shows you the interest rates for different types of borrowing. For example, the interest rate for purchases in a shop may be different from the cost of getting cash out of a cash machine.

# Checking your statement

You should always check your statement thoroughly every month. Take care to review all of the transactions listed against your receipts. Make sure you can account for all the transactions and that they are all for the correct amount.

## Disputed transactions

If there's a problem with goods or services you bought you should first try and resolve it with the retailer. If they can't or won't help you – perhaps because they have gone bankrupt – you have extra protections in law when you buy on a credit card.

Under Section 75 of the Consumer Credit Act your credit card company has joint responsibility with the retailer for transactions over £100 in cases where there is a breach of contract or a misrepresentation – so you may be able to get your money back from your credit card company.

## Mistakes & fraud

If you spot fraud or a mistake on your statement tell your card company immediately. You will still have to pay for any purchases that are not in dispute

but your credit card company will usually freeze the transaction you are questioning. They will refund the actual transaction, and any interest automatically applied to your account, if there has been an error or you have been an innocent victim of fraud. These guarantees are provided by *The Banking Code*.

## Paying off your credit card

Your statement will tell you how you can pay off what you owe, for example using cash, cheque, debit card, telephone or internet banking, and what time you should allow to make sure the payment is received by the due date. This can differ between card issuers so it is worth following the advice carefully.

Your credit card company may also let you set up a direct debit. It's a good way of making sure that

you don't miss a repayment and avoiding any late payment charges.

However you decide to pay remember to plan ahead to make sure your payment reaches your credit card account by the payment due date.

## How much is my card costing me?

Your statement can tell you. The three key things that affect how much your card costs you are:

1. How much you borrow
2. Your interest rate – different kinds of transactions may incur a different rate of interest and you should also check to see when your credit card company starts charging you interest
3. How much you repay and how quickly you repay it

## Your statement explained (continued)

### Allocation of payments

This shows you the order in which different kinds of borrowing will be paid off when you make a payment. As different kinds of transactions will incur more or less interest it is important to understand the order in which they will be paid off.

### The Summary Box

A standard way of presenting the key features of a credit card, which is available on all credit card statements as well as marketing materials. On statements, it means you are immediately reminded of the key features of the card and any charges that relate to that card's use. A Summary Box can also be used to easily compare different products.

### Illustrative examples

Your card issuer may include an illustrative example on your credit card statement. Some card issuers personalise these but in most cases they provide an example that if you were to spend X and repay at the rate of X per month, it will take you X years, Y months to repay and cost you Z in total. They will generally include an example based on only repaying the minimum each month.

## Getting help

If you've read your credit card statement and think you will have difficulty paying what you owe then take action straight away. Do not ignore debt problems.

Talk to your credit card company – they are sympathetic to requests for help as it's not in their interests if you cannot or do not pay off your debts.

The earlier you get in touch the easier it will be for them to help you. Your statement will include a telephone number for you to contact if you require debt advice. Alternatively you can talk to a range of free debt advice agencies such as:

- Citizens Advice ([www.citizensadvice.org.uk](http://www.citizensadvice.org.uk))
- Consumer Credit Counselling Service (call 0800 138 1111 or visit [www.cccs.co.uk](http://www.cccs.co.uk))

- National Debtline (call 0808 808 4000 or visit [www.nationaldebtline.co.uk](http://www.nationaldebtline.co.uk))
- Money Advice Scotland (call 0141 572 0237 or visit [www.moneyadvicescotland.org.uk](http://www.moneyadvicescotland.org.uk))

Further impartial information on choosing and using credit cards is available at [www.choosingandusing.com](http://www.choosingandusing.com)