

Common mistakes credit card users make

Credit card issuers like it when you know as little as possible about credit cards. Often, they only disclose what is legally required, and even then, they go to some lengths to ensure that you don't read anything that will make you think twice.

So how can you avoid falling into the trap of bad debt? You can start by avoiding the most common mistakes that other credit card users make:

1. Not reading the small print

Credit card companies might tell you that the reason Terms and Conditions are printed in such small text is that they don't want to bore you with the details. But as you may know; that is where they hide the true cost of whatever you're signing up to.

As the consumer, it is your duty to check everything and make sure there aren't any traps that you could easily trigger. If the text on the form is too small for you to read, visit the company's website; in many cases the information is provided in full details.

2. Misunderstanding introductory offers

It's very easy to fall for an attractive headline; marketers are paid to make them as attractive as possible. In paying too much attention to the positives of a credit card offer, most people ignore the details (mistake one above) where the negatives are usually kept.

For example; if an offer says 6 month interest free balance transfer, look out for transfer fee and the interest rate after the interest free period comes to an end.

Also usually included in the small print are conditions such as; if you miss a single payment, the remainder of the offer will be withdrawn.

3. Making just the minimum payment

One of the advantages of credit cards is that servicing the debt is easy; you only have to pay a minimum percentage of the balance every month (e.g. 3%).

Paying just the required minimum will cost you a lot more; credit card interest is calculated by the day; for every day that you have a balance on the credit card, you're paying interest on every penny.

4. Having too many credit cards

It is widely believed that having multiple [credit cards](#) can help your credit rating. That might be true depending on how much balance you maintain on them. The downside is that it will make it harder to get new credit; lenders would wonder whether you have too much debt already and might be incapable of paying it back. The other downside is that it increases the risk of getting deeper into debt.

5. Assuming that every decision is final

Have you ever made a late payment and got charged for it? Some credit card companies can forgive you for a late payment if it is your first late payment in a 12 month period; all you have to do is phone them with a logical explanation as to why your payment was late. It helps if you have a good credit rating; they want to keep you.

Negotiation skills can also get you better rates on your credit card; if you have an offer that's about to come to an end, or happen to see a good deal offered by another credit card provider, phone your credit card provider and inform them that you're considering switching to another provider because of an offer you saw. You'd be surprised to know that in most cases they're willing to match that offer or at least lower your rate a little bit to keep you put.

Note: this only works if you have a good credit rating.

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