



CREDIT CARD SCAMS

by Texas Attorney General Greg Abbott

CREDIT CARD OFFERS AND APPLICATIONS are notorious for their fine print legal agreements. Consumers should always take caution to read and understand the terms and conditions of an offer before signing on the dotted line. Be wary of scams masking as legitimate credit card offers.

For example, three years ago my office shut down Florida-based Latin Card and ProLine. These two companies marketed what they represented as recognized cards with generous lines of credit accepted at any establishment. Elaborate television ads showed happy consumers using the cards to go on vacations, eat at fancy restaurants, and even to get cash advanced.

But after paying \$300 or more in up-front processing fees, all that Latin Card and ProLine customers got were worthless pieces of plastic that would not be accepted by any merchant.

They had no affiliation with VISA or MasterCard, as consumers had been told.

The cards were only valid to purchase overpriced trinkets from catalogues issued by the same scammers. And even then consumers had to pay at least 40 percent down before getting the merchandise — by no means a legitimate line of credit.

In another scam, we sued to stop the illegal practices of Cross Country Bank, a credit card company that, despite promising a generous line of credit to applicants, issued cards with lines of credit of only a couple of hundred dollars — far lower than promised. The company would immediately charge hefty application and membership fees to the card, often causing consumers to quickly trigger over-the-limit fees and thus making the cards useless after only a couple of small purchases.

And under yet another swindle, thousands of Texas consumers lost over \$100 each when they applied to Houston-based U.S. Credit, a company promising anyone who applied a legitimate credit card. Instead, consumers who paid the fee merely got a list of legitimate credit card companies with which they should apply, with no affiliation whatsoever to U.S. Credit. Furthermore, U. S. Credit would withdraw a monthly “maintenance” fee from consumers’ checking accounts.

Millions of consumers depend on credit cards each month as part of their daily expenses. To manage your debt wisely and to avoid scams, it is important you understand all terms clearly from the start. You should also be cautious when approached by an offer that sounds too good to be true.

POINTS TO REMEMBER



DON'T BE SCAMMED BY A CREDIT CARD OFFER!

- Read the credit card agreement carefully before signing up for a card.
- Be wary of offers that require substantial membership or application fees.
- Check your monthly credit card statement for changes in interest rates, late fees, and the minimum amount due.
- Contact the Texas Office of Consumer Credit Commissioner, which regulates the credit industry and offers assistance to consumers and creditors, at 1 (800) 538-1579 or www.occc.state.tx.us
- If you believe you have been charged additional fees for using a credit card or been subjected to misrepresentation or deceptive practices by a credit card company, contact the Attorney General’s office at 1(800) 252-8011 or www.oag.state.tx.us



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