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Credit Cards and You

Your Rights and Responsibilities

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The Cost of Borrowing with a Credit Card

If you want to know more about your rights and responsibilities when:

- You shop around for a credit card
- You receive your new card
- You receive your statement
- Your credit card agreement changes

...then this section is for you!

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Your Rights and Responsibilities

Credit cards are handy. They're not only a convenient way to buy things, but they also help you build a good credit history. That's very important when you apply for another loan such as a mortgage or a car loan.

At the same time, using credit cards unwisely may get you into more debt than you can handle. That's why it's important to know about the rights and responsibilities that come with a credit card and to understand your card's features, terms and conditions. Doing so will save you time and money, and will help you stay out of financial trouble.

This section tells you about your rights and responsibilities with respect to credit cards issued by financial institutions regulated by the Government of Canada. It will also help you understand what you should look for in a credit card and will give you some tips about using credit wisely. By using the [handy checklists](#) (PDF 142 kb), you will be able to quickly identify the information you need, to get the most out of a credit card.



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Shopping Around for a Credit Card

When you're shopping around for a credit card, there are certain things you can expect from a credit card company. Either in the credit card application, advertisements or when you call the issuer, they must tell you:

- the card's [annual interest rate](#), which is the interest you will have to pay on the outstanding balance on your card;
- the [grace period](#), which is the time between the statement date and the payment due date; and
- about any other charges or fees that might apply to your use of the card.

At the same time, you're responsible for deciding whether the features of the credit card are the ones that meet your needs. Before you apply for a card, you need to find out:

- how the credit card issuer calculates interest;
- what you need to do to benefit from the grace period;
- the [minimum payment](#) you have to make each month;
- the details of a low introductory rate (if any), including what types of transactions the offer applies to and the regular interest rate after the introductory period ends; and
- any [reward programs](#) or other benefits that come with the card.



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When You Receive Your New Card

When your credit card arrives, it will have a card agreement or contract with it. This agreement outlines the major terms and conditions of the card, so you should read it carefully, understand it and keep it for your records.

The card agreement must tell you:

- the card's [annual interest rate](#);
- how the interest is calculated;
- the [grace period](#), if any;
- how often you will receive your statements (it must be at least once a month);
- whether you have to pay the balance in full when you receive your statement, and the interest rate that applies if you don't;
- your minimum monthly payment and how it's calculated;
- your initial credit limit, unless the credit card issuer hasn't determined it yet (in this case, the issuer must give you this information with or before your first statement);
- about any optional services you may wish to have, such as credit balance insurance, and the charges for each optional service;
- any other charges or fees that may apply;
- a telephone number that you can call during business hours to obtain information about your account.

Finally, the agreement must also tell you the maximum amount you would have to pay if your credit card was lost or stolen and if someone used it illegally. This maximum amount applies only until you inform the credit card issuer that the card has been lost or stolen. As soon as you report it, you're no longer liable for any misuse of the card. This is why it's important to report a stolen or lost card *right away*.

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When You Receive Your Statement

In each statement it sends you, the credit card issuer must give you the following information:



- a description of each transaction made during the period covered by the statement and the amount charged, including interest;
- the date each transaction was posted to your account;
- the amount you must pay, on or before a specified due date, to benefit from the [grace period](#); and
- the amounts during that month for you:
 - purchases;
 - advances;
 - payments;
 - interest charges; and
 - non-interest charges.

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When Your Credit Card Agreement Changes

When your credit card issuer changes any features, terms or conditions of your credit card, they must give you the details of those changes in *writing*. They must do this at least 30 days *before* the change goes into effect.

However, there are some changes to your credit card's terms and conditions that don't require advance notice. For the following changes, the issuer must inform you within 30 days *after* they take effect:

- a change to your credit limit;
- an extension of your [grace period](#);
- a decrease in a charge that is not related to the interest rate;
- a change to any optional service you accepted; and
- if you have a variable-interest-rate card, the change to your interest rate as a result of a change in the [reference rate](#).

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