



Consumers spend \$12 billion dollars a year in credit card penalties, according to CFPB

By Chloe Godbold
July 26, 2022 (excerpt)

GRAND BLANC, Mich.---In a new report, The Consumer Financial Protection Bureau reported that credit card penalties are costing consumers \$12 billion each year. ...

... Michael Wallen is a Senior Wealth Advisor and Certified Financial Planner with Mainstay Capital Management.

"We've seen inflation go up, but wages just haven't kept up. So that deficit is being a lot of times credit cards, which are being used to feel those deficits. Wallen says.

Wallen also says, there are many ways to avoid credit card late fees. One of them is by paying off the credit card with the most interest.

Wallen says, "See which one has the highest interest rate and really try to pay that one down as fast as possible. You can also look to transfer balances from a higher interest rate card to a lower interest rate card."

The main way to avoid credit card penalties is by making smart money decisions, Wallen says. He also says, if you need help paying the minimum balance on your credit card or reversing a late fee. Your credit card company should be able to help you.

"First you can call your credit card company, but ultimately, you need to take a look at your spending decisions," Wallen says.

Michael suggests people not wait until the last minute to pay their credit card bills to avoid penalties, or set up an automatic payment method.