



LANTERN
BY LABATON

CONSUMER ALERT

DEFERRED INTEREST PROMOTIONS: DECEPTIVE DEBT TRAPS?

Online shopping is increasingly popular, and credit card companies often attract shoppers with offers like "no interest" or "0% interest" for a certain time. These deals sound great at first, but there's a catch. If you don't pay off the whole amount before the offer ends, you'll be hit with all the interest from the start, usually at a high rate.

The Consumer Financial Protection Bureau (CFPB) is paying close attention to these offers. They want credit card companies to make sure customers really understand these deals, including the risks. The CFPB is concerned that the way these offers are set up might be hard to understand and could mislead people, making it tough to handle their money well.

United States Senators Elizabeth Warren and Edward Markey recently investigated medical credit cards, which often have these same kinds of offers. They're worried people might fall into financial trouble, especially when they need to pay medical bills quickly and might not look closely at the credit terms. After reviewing the medical credit card companies' responses to the Senators' questions, Senator Warren [concluded](#). "My investigation found that giant banks are saddling patients with medical credit card debt at their most vulnerable moments. The CFPB must take immediate action to protect patients from these shady practices, starting with putting an end to deferred interest for medical credit cards."

Here's how you can protect yourself from the risks of these offers:

Read the Details Carefully: Before you say yes to a deferred interest offer, make sure you really get the terms. Know when the offer ends and what the interest rate will be after that.

Plan Your Payments: Be sure you can pay off the whole balance before the offer ends to avoid surprise interest charges.

Ask Questions: If you're not sure about an offer, ask the credit card company to explain it.

Keep Up with the News: Stay up-to-date with the latest information and advice about these kinds of offers. Knowing what's going on is your best defense.

In short, these "no interest" offers can be tempting, but the hidden costs might shock you. It's important to really understand what you're agreeing to. The ongoing discussions by regulators and lawmakers, like Senator Warren, show that more and more people are worried about these offers. Being informed and asking for clear information helps you make smart financial choices but also plays a part in holding companies accountable for transparent and fair lending practices. accessible information about their data practices.

Labaton Sucharow's lawyers are available to address any questions you may have regarding these developments. Please contact the Labaton Sucharow lawyer with whom you usually work or the contacts below.

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