

THIRTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
First Regular Session)

SENATE
PSR No. 199

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Introduced by **Senator Richard J. Gordon**

**RESOLUTION
CALLING FOR AN INVESTIGATION IN AID OF LEGISLATION
ON ALLEGED ABUSIVE PRACTICES BY CREDIT CARD COMPANIES**

Whereas, credit card companies impose multiple charges and fees on credit card users, such as a monthly finance charge, a late payment charge, an annual or periodic maintenance fee, transaction charges, over-the-limit fees, or cash advance fees;

Whereas, Republic Act No. 3765, otherwise known as the "Truth in Lending Act," provides that any creditor shall furnish to each person to whom credit is extended, prior to the consummation of the transaction, a clear statement in writing stating forth charges, individually itemized, which are paid or to be paid by such person in connection with the transaction but which are not incident to the extension of credit finance charge expressed in terms of pesos and centavos;

Whereas, Republic Act No. 8484, otherwise known as the "Access Devices Regulation Act of 1998," further provides that any application to open a credit card account for any person or a solicitation to open such an account shall disclose to the prospective credit card user these charges and fees, and they must be provided a detailed explanation and clear illustration of the manner by which all charges and fees are computed, as well as a detailed explanation of the balance calculation method used in determining the amount upon which the finance charge is computed;

Whereas, these required disclosures are blatantly disregarded by credit card companies, as credit card users have reported being stung by excessive fees and "hidden" charges which were not made clear to them at the outset;

Whereas, some credit card users have also reported that despite paying their obligations on time, credit card companies are still imposing late charges and finance charges on their account, particularly for check payments made on the last day for payment;

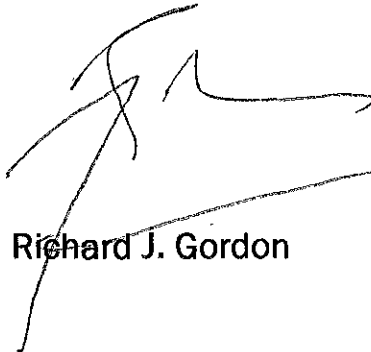
Whereas, credit card companies allegedly resort to making frequent phone calls at all hours, sending threatening letters and indiscriminately filing collection cases against errant credit card users, employing collection tactics that border on harassment;

Whereas, because of these abusive practices, we must take a closer look at the way credit card charges and fees are presented, how hidden charges may be incurred by credit card holders without their prior knowledge, as well as the collection tactics employed by credit card companies to strong-arm the customer into paying for the charges without question, and to ensure that, in accordance with the law, credit card charges are made more transparent and easier for consumers to understand through adequate disclosure methods;

Whereas, it is the duty of the state, as *parens patriae*, to protect its citizens from any kind of abuse or injustice arising from a lack of awareness of the true cost of credit, and to prevent the uninformed use of credit to the detriment of the national economy;

Now therefore, be it resolved, as it is hereby resolved that the Senate conduct an investigation in aid of legislation on the foregoing alleged abusive practices of credit card companies.

Adopted.



Richard J. Gordon