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[HOME](#) > [BLOG](#) > YOU COULD STILL END UP PAYING INTEREST ON A ZERO PERCENT INTEREST CREDIT CARD OFFER

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# You could still end up paying interest on a zero percent interest credit card offer

BY [DAN RUTHERFORD](#)

What could be better than zero percent interest for one year? Nothing, nada, free...right? Not exactly.

These kinds of promotional rates are common with credit card offers. They can be connected to:

- Balance transfer offers
- Pitches for low-cost ways to finance big purchases, such as “[deferred interest](#)” offers
- So-called “convenience checks,” which invite you to write checks against your credit account and pay the amount back within the specific promotional period

Credit card companies market these promotions as a way for you to save money.

But, what some credit card companies may not have been telling you is that new purchases could cost you more than you expect. While your transferred balance or your first big purchase has the zero or low annual percentage rate (APR) for the promotional period, [any additional purchases you make with the card may get dinged with regular interest charges right away](#). The only way to avoid those charges is to pay off your whole balance, including the promotional balance and the new purchases, by the payment due date.

The marketing materials may have focused on one-time fees, such as [balance transfer fees](#) or deferred interest fees, and not provided clear and prominent information about the cost of new purchases due to the loss of the [grace period](#).

## Fall from grace

Most credit cards offer a grace period on purchases. The grace period – if you have one – is the time when you don’t have to pay interest on a purchase or other transaction. With most credit cards, you can avoid paying interest on new purchases if you pay off your whole balance by the payment due date each month.

However if you don’t pay off your entire balance by the due date, you will lose your grace period. Without a grace period, you will have to pay interest on new purchases from the date you make them. Carrying a promotional balance can cause you to lose your grace period or make it harder for you to get it back. This is why accepting promotional balance offers can cost you more than you expect.

We’re [alerting credit card companies](#) that some of them may be at risk of breaking the law because of the way that they market promotional rates. We told them that their marketing materials should clearly, prominently, and accurately tell you that you will pay interest right away on new purchases if you accept a promotional offer but don’t pay off the entire balance, including the promotional balance, by the payment due date.

## Avoid the interest

If you decide to accept a promotional offer, here are a few things you should consider.

**If you usually don’t carry a balance:** If you usually keep your grace period by paying off your full statement balance each month, you can avoid interest by not making new purchases with the promotional rate card until you have paid off the entire promotional balance. Consider making your new purchases with cash, debit, or another credit card that doesn’t have a balance.

**If you usually carry a balance:** If you already carry a balance on all your credit cards, consider paying with cash or debit. However, if you decide to use a credit card, compare the interest rates among your cards to decide which is the better deal for new purchases.

Also, make sure you make all of your payments on time, and for promotional and deferred interest balances, pay off the entire balance before the end of the promotional period.

### Let us know if you have a problem

If you have a problem with a credit card, you can [submit a complaint online](#) or by calling (855) 411-2372.

For more information about grace periods or how credit cards work, check out [Ask CFPB](#).



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