

How To Avoid Getting Into Trouble With Credit Cards

One of the most useful forms of payment available is the credit card. A credit card can get you out of some pretty sticky situations, but it can also get you into some, as well, if not used correctly. Learn how to avoid the bad situations with the following tips.

Don't fall for the introductory rates on credit cards when opening a new one. Be sure to ask the creditor what the rate will go up to after, the introductory rate expires. Sometimes, the APR can go up to 20-30% on some cards, an interest rate you definitely don't want to be paying once your introductory rate goes away.

Emergency, business or travel purposes, is all that a credit card should really be used for. You want to keep credit open for the times when you need it most, not when purchasing luxury items. You never know when an emergency will crop up, so it is best that you are prepared.

Carefully consider those cards that offer you a zero percent interest rate. credit report cleanup services may seem very alluring at first, but you may find later that you will have to pay sky high rates down the road. Learn how long that rate is going to last and what the go-to rate will be when it expires.

Be smart with how you use your credit. Many people are in debt, due to taking on more credit than they can manage or else, they haven't used their credit responsibly. Do not apply for any more cards unless you need to and do not charge any more than you can afford.

Every time you decide to apply for a new credit card, your credit report is checked and an "inquiry" is made. This stays on your credit report for up to two years and too many inquiries, brings your credit score down. Therefore, before you start wildly applying for different cards, research the market first and choose a few select options.

If you can't get a credit card because of a spotty credit record, then take heart. There are still some options that may be quite workable for you. A secured credit card is much easier to get and may help you rebuild your credit record very effectively. With a secured card, you deposit a set amount into a savings account with a bank or lending institution - often about \$500. That amount becomes your collateral for the account, which makes the bank willing to work with you. You use the card as a normal credit card, keeping expenses under that limit. As you pay your monthly bills responsibly, the bank may decide to raise your limit and eventually convert the account to a traditional credit card.

Only spend what you could afford to pay for in cash. The benefit of using a card rather than cash, or a debit card, is that it establishes credit, which you will need to get a loan in the future. By only spending what you can afford to pay for in cash, you will never get into debt that you can't get out of.

Never believe that a credit card's interest rate is fixed. Credit card companies are competitive and can change their interest rates if they wish. Make a request to your bank to change your current interest rate if you don't like it.

If you have made the poor decision of taking out a cash loan on your credit card, be sure to pay it off as soon as possible. Making a minimum payment on this kind of loan is a big mistake. Pay the minimum on other cards, if it means you can pay this debt off faster.

IF you plan on shopping around for a secured card, don't use a prepaid one. Prepaid cards are not credit cards at all, and they don't report to any of the credit bureaus. Prepaid debit cards do little for you besides provide you with an additional checking account, and many prepaid debit companies charge high fees. By putting a deposit down to obtain a secured card, your credit score will begin to improve.

As stated before in the introduction above, credit cards are a useful payment option. They can be used to alleviate financial situations, but under the wrong circumstances, they can cause financial situations, as well. With the tips from the above article, you should be able to avoid the bad situations and use your credit card wisely.