

Minimum repayment health warning

Credit card statements carry a warning to deter customers from only ever making the minimum payment on their credit cards

Card companies have agreed a health warning to appear on customer statements in response to concern regarding cardholders only ever making the minimum repayment on a regular basis, with the objective of deterring such behaviour. This warning, positioned close to the minimum repayment figure, advises all customers that making only the minimum

repayment each month means that money borrowed will take longer to pay off, and that it will cost more.

Furthermore, card companies have also agreed that additional information should be included within pre- or post-contract information – in line with the Banking Code – to highlight that the minimum repayment

amount does not constitute a repayment schedule.

This guideline was incorporated into the Banking Code in March 2005.

Minimum Repayment Health Warning Version 2.0 (October 2004)

1. Introduction

To deter cardholders only ever making the minimum repayment on an ongoing basis, the industry has developed a health warning to appear on customer credit card statements close to the minimum repayment figure.

2. Health warning

The warning reads:

“If you make only the minimum payment each month, it will take you longer and cost you more to clear your balance.”

3. Effective date

This best practice minimum repayment health warning message is effective from 31 October 2004.