

## Top Five Credit Card Mistakes.

When you're dealing with credit cards, you're playing with fire. Unfortunately, there are plenty of people out there who don't realise that, and make all sorts of dangerous mistakes with their credit cards every day.

### *Paying Late.*

If you don't set up any kind of automatic payment, then it can be tempting to just put your credit card bill on a pile and get to it when you have time. Before you know it, a few weeks have gone by and you're late. If you leave it to the deadline, you might find that the payment won't get there quickly enough – it's not a deadline for sending the money, it's a deadline for them receiving it.

Paying late is a big mistake for an awful lot of reasons. You will almost certainly be charged a late payment fee, and your late payment will go on your credit report for everyone to see. You may also find that you lose any good rate you had, and your debt is automatically thrown onto the very worst rate the company offers.

To avoid late payment, you should always post your payment a long time before the due date (at least a week). If you've left it to the last minute, phone up and try to pay that way.

### *Being Taken in By Rewards.*

It is never, ever worth getting a higher-interest card simply because it offers some kind of loyalty points, flight miles or whatever. Even if it offers a cash reward, it is unlikely to be more than you would pay in extra interest – after all, why would they give you free money? All 'rewards' do is pay you off with your own money to make you feel like you're getting something for nothing. You're not.

### *Collecting Cards.*

Seeing some people opening their wallet or bag is a scary experience. It looks like they have about a hundred credit cards in there, some of which they haven't used in years. They have trouble keeping track of all the different cards, balances and interest rates. Don't be one of these people. You should limit yourself to a maximum of three cards at a time – any more starts to make you look over-committed in your credit report, and could get you turned down for a bigger loan.

### **Maxing Them Out.**

Your limit is just that: a limit, not a minimum! Whatever you do, don't get a card and immediately spend your whole limit. This looks very bad. It is better to spend about halfway regularly and pay it back. Wait for the company to increase your limit (which they quickly will), and then you'll get that extra money without the stigma of having a maxed-out card.

### ***Not Reading the Terms and Conditions.***

Finally, as ever, don't sign anything you haven't read! I know it's hard going and you're busy and all, but if you can't manage to read the terms and conditions then you shouldn't get the card. Pay special attention to any future increases in rates, and what kind of fees you can be charged.