



# PRESS RELEASE

Federal Deposit Insurance Corporation

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## **Latest *FDIC Consumer News* Features Common Mistakes that Cost Bank Customers Money**

To err is human...and sometimes it can be expensive. That's why the latest ***FDIC Consumer News***, published by the Federal Deposit Insurance Corporation, features some of the more common and costly mistakes consumers make when using their checking account, credit card or other banking services, along with guidance on how to avoid these errors.

The Fall 2006 issue includes these among the slip-ups that can trigger fees, penalties or other costs:

- **Not checking up on your checking account.** Lack of attention to the account balance can result in fees for bounced checks or for going below a required minimum balance. Also, if a customer fails to spot fraudulent transactions, fixing those can be costly and time consuming.
- **Paying a credit card bill late, even if it's only by a day.** A late card payment can trigger a fee of about \$30 or more. In addition, the consumer also may face a major hike in the interest rate -- often to between 29 and 35 percent -- on this credit card and possibly other cards or loans, especially if the person's credit record shows other signs of risk.
- **Signing up for a new credit card without understanding the costs.** "Zero-percent interest" and other incentives for applying for a credit card may sound great, but the various freebies could end up being expensive if the consumer is penalized for not following the rules of the new card. Repeatedly signing up for new cards also can send signals that the person is more of a credit risk, which can result in a higher interest rates being charged the next time he or she applies for a mortgage or other loans.



Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars — insured financial institutions fund its operations.

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- **Getting a nontraditional mortgage without considering the increased costs.** In addition to "traditional" mortgages, which are typically fixed- or adjustable-rate loans for 15 or 30 years, many lenders now offer other mortgages that generally enable borrowers to lower their monthly payments in the early years in exchange for larger payments later on. The biggest concern is that some borrowers may be unprepared to make the higher payments in the future.

**FDIC Consumer News** also highlights simple things bank customers can do to avoid a variety of costly mistakes, and notes how the FDIC can help with consumer information and assistance.

Also in this issue, the FDIC alerts readers to some of the latest frauds targeting bank customers. One example involves fraudulent e-mails claiming to be from the FDIC in an attempt to obtain valuable information from consumers and businesses. Another involves unsolicited e-mails supposedly from a financial institution or government agency but really from criminals asking consumers to call a phone number to provide bank account and other "needed" information using their telephone keypad. The FDIC and other banking regulators also are warning that con artists may try to take advantage of new federal safety procedures for Internet banking (starting January 1) by posing as bankers in e-mails or phone calls requesting personal information (such as a password) or instructing people to click on a link in an e-mail that appears to be legitimate but gives the crooks the ability to spy on a personal computer.

Elsewhere, the FDIC provides money tips for shoppers during the upcoming holiday season as well as all year-round, and a collection of "news briefs" on topics that include updated information about the higher FDIC coverage for certain retirement accounts (from \$100,000 to \$250,000) that took effect April 1, 2006.

The goal of the quarterly **FDIC Consumer News** is to deliver timely, reliable and innovative tips and information on financial matters, free of charge. The Fall 2006 issue can be read or printed online at [www.fdic.gov/consumers/consumer/news/cnfall06](http://www.fdic.gov/consumers/consumer/news/cnfall06). Current and past issues are online at [www.fdic.gov/consumernews](http://www.fdic.gov/consumernews). The FDIC also offers a free subscription service that provides an e-mail about each new issue of **FDIC Consumer News** posted to the Web site and a link to stories of interest. Instructions for subscribing are posted at [www.fdic.gov/about/subscriptions/index.html](http://www.fdic.gov/about/subscriptions/index.html).

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