

**Statement Of
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Freeland, Michigan
Before The
Senate Permanent Subcommittee on Investigations
Hearing On
Credit Card Practices: Unfair Interest Rate Increases
December 4, 2007**

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Mr. Chairman and Members of the Subcommittee,

I would like to thank you for having me here today. I will begin by introducing myself.

My name is Janet Hard. I am from Freeland, Michigan, a small town in the Saginaw Bay area where my husband Bill and I have always lived. We have been married for seventeen years and have 2 teenage sons. Bill is a steamfitter/welder and I am a Registered Nurse but much of the time since having children we have chosen for me to be a stay at home mom. This decision meant significantly less income for our family but we believe the benefits far outweighed the cost. When my boys were babies I was the one who took care of them, I was there for all their firsts, first smiles, first words, first steps, the list goes on and on. They learned to read from me because I had time to read to them. When their school needed a volunteer for a class party or a chaperone for a field trip, I was always available. I would not give back the time I got to spend with them for all the money in the world, which brings me to the reason I am here.

During this time we used credit cards to make ends meet when we needed to. Maybe this wasn't the best decision, maybe we could have been more frugal with our money, but we were paying our bills on time and keeping our heads above water. We figured the time would come when our children were older that we could increase our income and payoff our accumulated debt. This no longer seems possible considering what the Discover Card Company has done to us.

This past February I noticed that something was not right with our account. We were making payments more than the minimum amount required and using the card only for an eight dollar a month Internet fee but the balance was barely moving. So I did some investigating and found the reason, our interest rate was at a whopping 24.24%. Our payment history with them, as well as other credit card companies, is very clean. We have never accrued a balance over our limit and always made our payments on time. So I thought it must be an error and called Discover immediately for an answer.

The woman that I spoke to explained to me that the reason our interest rates were increased was because they had run a spontaneous credit report on us and concluded that our credit card balances and the credit we had available from inactive accounts put us at risk of

defaulting on our payments. When I pointed out that we were not late in making a payment she agreed that our account was in very good standing but they could still raise our rates due to this credit imbalance.

During this same time we have also had balances on other major credit cards, including a MasterCard account. Although they have the access to the same information as Discover, our interest rate with MasterCard has remained at 6.9%, far from the outrageous interest fees that Discover has been charging us.

When I look at the money that we have paid in interest to Discover during just the last two years, I feel sick. Out of the \$5,618 made in payments to Discover, \$3,478.39 of it went to interest. It is hard for me to even get my mind around that. The money that Discover has made in interest charges from my husband and I over the last five years is probably more than what we owe them now. We were never expecting to shirk our debt responsibility. We only expected to be treated fairly. We upheld our end of the agreement with Discover but have found that they have been able to change the rules to benefit themselves.

My husband and I feel as though we have been robbed. To have so much of our hard earned money taken by a company as large as Discover seems so unfair. The stress it has caused affects us deeper than just financially. This has made us feel ashamed and foolish. We blame ourselves for letting it happen. As we struggle to overcome this financially we also are struggling to overcome it on an emotional level. Some days this feels more difficult than the paying off of our balance.

As with most all parents our children are more important than anything. My husband and I want only the best for them. This includes a college education, which is just a couple of years away for us. Thinking about how much the money squeezed from us by Discover would help alters the way I feel about myself as a parent. Their future is why I have come here to testify.

I hope that my voice can speak for every family who is going through the same thing as mine is. Thank you for your time.

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