

15 February 2010

## Credit card rates at 12 year high

Increased competition in the credit card market at the end of the 1990s meant rates started to fall, dropping to their lowest level in 2006.

Since 2006 as the economic downturn took hold, credit card rates have steadily increased, with the average rate today hitting a 12 year high of 18.8%.

Date	Average Credit Card Rate	Base Rate
Feb-10	18.8%	0.50%
Feb-09	17.7%	1.50%
Feb-08	16.8%	5.50%
Feb-07	17.0%	5.25%
Feb-06	14.8%	4.50%
Feb-05	15.2%	4.75%
Feb-04	16.1%	3.75%
Feb-03	17.2%	4.00%
Feb-02	17.8%	4.00%
Feb-01	16.5%	6.00%
Feb-00	17.8%	5.75%
Feb-99	18.7%	6.00%
Feb-98	21.1%	7.25%

Source: Moneyfacts.co.uk 15.2.10.

**Michelle Slade**, spokesperson for [Moneyfacts.co.uk](http://Moneyfacts.co.uk) commented:

“The UK continues to suffer from a high level of unemployment and providers are worried about the increased risk of customers not repaying their debts.

“This increased risk continues to be passed on to both new and existing credit card customers through higher rates.

“Borrowers with £5,000 debt on the card, who just repay the minimum\* each month, will now repay an additional £2,289 over the life of the debt than they would have in February 2006.

“Other charges such as balance transfer, cash withdrawal and foreign transfer fees also continue to go up, leaving customers paying more across the board.

“Card companies are reassessing their existing customer base, resulting in numerous customers seeing a rise in their rate.

“Many such customers who would previously have switched to another provider are now finding it's not so easy to do so.

“Competitive deals for balance transfers and introductory purchases remain on offer, but card providers are being extremely selective over exactly who they accept for these deals.

“If customers do receive notice of a rate increase, they should challenge their provider as to why the increase is necessary, especially if their credit status hasn't changed.”

\* based on minimum repayment of 2.5%, min £5

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Our dedicated research experts produce three monthly publications as well as providing real time news and data services to the majority of banks and building societies. Additional information can be found at [www.moneyfactsgroup.co.uk](http://www.moneyfactsgroup.co.uk).

## Contact us...

Looking for extra comment, a chart or more information, then please give us a call. We are always more than happy to help.

Press Office	<p><b>Darren Cook</b> Head of Press &amp; PR</p> <p><b>Michelle Slade</b> Press Officer</p> <p><b>Louise Holmes</b> Press Officer/Administrator</p>	<p>01603 476207 <a href="mailto:dcook@moneyfacts.co.uk">dcook@moneyfacts.co.uk</a></p> <p>01603 476454 <a href="mailto:msslade@moneyfacts.co.uk">msslade@moneyfacts.co.uk</a></p> <p>01603 476204 <a href="mailto:lholfmes@moneyfacts.co.uk">lholfmes@moneyfacts.co.uk</a></p>
Out of hours	<p><b>Darren Cook</b> Head of Press &amp; PR</p> <p><b>Michelle Slade</b> Press Officer</p>	<p>07803 899935</p> <p>07803 145643</p>
<p>Follow us at: <a href="http://twitter.com/MoneyfactsPress">http://twitter.com/MoneyfactsPress</a></p> <p>An ISDN line is available for broadcast: 01603 230551</p>		