



What are the Consequences of Late Credit Card Payments?

National nonprofit credit counseling agency Take Charge America identifies short- and long-term impacts of missing a credit card payment

PHOENIX – (Sept. 18 2019) – Think a few late credit card payments aren't a big deal? Think again. The repercussions can be widespread, negatively impacting your financial goals and preventing you from securing future credit or loans.

"It's easy to get caught up in the hustle and bustle of life, or to become overwhelmed with the state of your finances. Whatever the reason, it's important to understand the implications of missing payments," said Michael Sullivan, a personal financial consultant with Take Charge America, a [national nonprofit credit counseling and debt management agency](#). "Once you are aware of the consequences, you are more likely to stay organized, set up recurring reminders or enroll in auto-pay to prevent glitches and readjust priorities."

Sullivan notes that late credit card payments can have both small and hefty consequences:

- **You can be charged a late fee.** According to federal law, you can be charged a fee up to \$28 for the first offense and up to \$39 if you're late a second time within six months.
- **Your interest rate can spike.** If your payment is more than 60 days past due, your credit card company can assess a penalty interest rate. While your typical credit card interest rates hover between 14% and 27%, penalty APRs can easily exceed 30% and stick around for six months.
- **Your credit score can drop.** Payment history makes up a large portion of your credit score. Once your payment is 30 days past due, it's reported to the credit bureaus and can bring down your credit score.
- **Your rewards points can be frozen.** If you have a rewards card offering airline mileage or cash back, those points can be frozen until your bill is paid in full, or you may lose the points gained during the unpaid billing cycle.
- **Your credit limit may be lowered.** After 90 days of missing payments, your credit card issuer can lower your credit limit, which may impact your ability to access money in an emergency.
- **Your account can be "charged-off."** If you are 180 days past due, your debt can be sold to a collection agency and the card issuer can write off your debt as a financial loss, notated as a "charge-off." A "charge-off" can stay on your credit report for seven years.

Overwhelmed with credit card debt? Take a [free online debt review](#).

About Take Charge America, Inc.

Founded in 1987, Take Charge America, Inc. is a nonprofit agency offering financial education and counseling services including credit counseling, debt management, student loan counseling, housing counseling and bankruptcy counseling. It has helped nearly 2 million consumers nationwide manage their personal finances and debts. To learn more, visit www.takechargeamerica.org or call (888) 822-9193.

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