537.3205 Change in terms of open-end credit accounts.

1. Whether or not a change is authorized by prior agreement, a creditor may make a change in the terms of an open-end credit account applying to any balance incurred after the effective date of the change only if the creditor delivers or mails to the consumer a written disclosure of the change in accordance with 12 C.F.R. §1026.9.

2. Unless authorized by this chapter or unless agreed to by the consumer, a creditor shall not change the terms of an open-end credit account, with respect to a balance incurred before the effective date of the change, which results in an increase of the rate of the finance charge or other charge or an increase in the amount of a periodic payment due, or which otherwise adversely affects the interests of the consumer with respect to the balance. The use by the consumer of an open-end account after the effective date of the change constitutes the agreement of the consumer if the consumer is notified as provided in subsection 1 that the use will constitute the agreement of the consumer.

3. Notwithstanding subsection 2, a creditor may make a change in the terms of an open-end credit account with respect to a balance incurred before the effective date of the change if the creditor gives a written disclosure as provided in subsection 1 and if the credit card account is part of a portfolio of credit card accounts acquired in a bulk acquisition of the portfolio.

4. A disclosure provided for in subsection 1 is mailed to the consumer when mailed to the consumer at the consumer's address used by the creditor for mailing the consumer periodic billing statements.

5. If a creditor attempts to make a change in the terms of an open-end credit account without complying with this section, any additional cost or charge to the consumer resulting from the change is an excess charge and is subject to the remedies available to the consumer under section 537.5201 and to the administrator under section 537.6113.

6. Notwithstanding subsections 1 through 5, a creditor is not required to deliver or mail to the consumer a written disclosure of a change in the terms of an open-end credit account if the change involves a decrease in the rate of the finance charge, a decrease in a delinquency charge, or a decrease in an over-limit charge.

[C75, 77, 79, 81, §537.3205]

84 Acts, ch 1237, §3; 91 Acts, ch 118, §2, 3; 96 Acts, ch 1057, §1; 2020 Acts, ch 1014, §1

Subsection 1 amended