



Stop Paying These 7 Sneaky Credit Card Fees...

Description

Credit cards can help you [earn cash back](#), [build a solid credit score](#), and benefit from free insurance.

But, if you're not careful, they could get smack you with a number of sneaky fees.

If your budget is tight, or you're just sick of seeing your hard-earned cash going toward petty fees, here are seven sneaky credit card fees you should avoid.

1. Cash-advance fee

Sometimes you need cash immediately. If that's the case, exhaust every option before using your credit card to withdraw cash from an ATM. Doing so can be extremely costly.

First, you'll be hit with a cash-advance fee, usually a percentage of what you're planning to withdraw. On top of that you'll pay a separate (often higher) APR for cash advances, usually around 25%. And, unlike a normal credit card, which comes with a 30-day grace period, you'll start paying interest on what you withdraw immediately.

If you need cash, use your debit card or ask a friend to front you the money. Unless it's a dire emergency, I would definitely avoid using your credit card for cash advances.

2. Balance-transfer fee

A [balance transfer](#) moves a credit card balance from a credit card with a high APR to a card with a much lower one. The lower APR can help you save a lot of money, sure, but be aware: doing a balance transfer could come with fees, too.

Credit card companies are smart. They don't want you to transfer your balance, as that means they won't earn money off your unpaid balance. In order to deter you, they'll often charge you a percentage of your transferred balance, usually around 3-5%. So, if you're trying to transfer a \$5,000 balance off a

card with a 5% balance transfer fee, you'd pay \$250 just to conduct the transfer.

It's a bit ridiculous, sure. But if [the lower APR on the new card](#) means saving more than \$250 (or whatever the balance transfer charge is), then by all means — do the balance transfer. Some cards come with low or zero balance transfer fees, too, which could be something you look for if you're considering a new card.

3. Foreign-transaction fee

Most of us haven't made a foreign transaction in years — or, well, since the pandemic started. But when travel starts again (hopefully soon), many Canadians may get hit with this sneaky fee: the foreign-transaction fee.

This could hit you in a number of ways. The most common is to pay a fee for every purchase you make abroad. Yeah — ouch. Sometimes you don't even need to be abroad to pay foreign transaction fees: you could pay it from your couch. If you're shopping online, and you make a purchase from a foreign company, you could get charged a foreign-transaction fee.

To avoid this, just get a travel credit card that *doesn't* charge foreign-transaction fees. Or, better yet, just don't use your credit card abroad.

4. Over-the-limit fee

Maxing out a credit card is never a good idea. You'll likely [damage your credit score](#), and the higher your balance, the more you'll pay in interest. But if you go too high, you'll get slapped with a fee for "exceeding your limits."

Overlimit fees on credit cards are often a flat rate, usually around \$25-\$30. You do have some protection, however. Most credit cards will allow you to opt-out of "over-the-limit transactions." If you opt out, your credit card company won't let you make charges past your maximum crediting limit. Instead, your card will be declined.

If you opt-in, however, you may pay a fee every time you go over your limits. Sometimes, credit card providers will also charge a much higher APR on the excess amount (called your "penalty APR"), or they may force you to forfeit any rewards you've earned.

5. Administrative fee

The sneakiest of all sneaky credit card fees (and also the most annoying) is the administrative fee. You might get charged an administrative fee for things like requesting a copy of your statements, failing to use your credit card (yes — inactivity fees are real), or even paying your credit card with a bounced check.

Sometimes, credit card companies will charge you the administrative fee simply for evaluating your application (you'll see this a lot with [secured credit cards](#)). This fee is often non-refundable, even if your application comes back denied.

6. Late-payment fee

As the name suggests, late-payment fees are charged to your account when you fail to make a payment on time. Usually, this fee is equal to your account's [minimum payment](#), though sometimes they can be higher.

Not only will you pay a late fee, but your credit card's interest rate might rise to the penalty APR, which is often significantly higher. Your APR will typically change after a certain number of days — often 30-60 days.

7. Expedited-payment fee

Don't want to get hit with a late-payment fee? Well then — you can expedite your payment. But be careful. Some credit cards will charge you an *expedited-payment fee*.

This happens if you call the credit card company and ask them to process the payment over the phone. For this kind of transaction, you'll be charged a fee — usually, just a flat rate.

Avoid credit card fees

If you're new to credit cards, or you're looking for [a credit card with no sneaky fees](#), be sure to always read the fine print. Learn the details of your card before you apply, and you won't get surprised by hidden fees.

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