



One Crazy Reason to Use Your Credit Card More

Description

In your long life of adulting, you'll surely cross paths with smart, financially savvy people who don't use credit cards. They're the types of people who whip out a wad of cash whenever the bill comes around, laying down a couple of Borden's with a smile or a wink. They might even convince you to put scissors to that debt-accumulating piece of plastic of yours and go the route of cash-only transactions.

But here's the truth: [credit cards aren't inherently bad](#). They certainly aren't the slippery-slope-to-a-sea-of-debt that some financial gurus make them out to be. Sure, they have risks. But when used responsibly credit cards help you [earn rewards](#), [build credit](#), and possibly score a lucrative sign-up bonus.

But the crazy reason you should use your credit card more? Simple. Credit cards are perhaps the most secure form of payment you can carry.

How credit cards are uber-safe

That piece of plastic isn't just a form of payment. It's a bundle of fraud protection and special insurances that oftentimes no other form of payment offers.

For one, credit card companies take fraud very seriously. They'll stay up late, burning the midnight oil, monitoring the crediting activities on your account. If they spot something suspicious, such as a purchase made in a province or territory in which you don't reside, they'll notify you immediately.

Not only that but most credit card companies offer zero-liability policies for fraudulent charges. That means, if someone uses your credit card to buy, say, a luxury Fitbit watch, you won't be responsible for paying the charge. At the very most, you could pay \$50 for an unauthorized charge (a maximum set by the Canadian government), and even then paying \$50 is extremely rare.

On the contrary, when you lose cash, or you're the victim of theft, it's gone. Period. You can report the theft to the police, sure. But the Canadian government isn't going to send you a cheque to replace what you lost.

Debit cards, too, offer only limited protection. Typically, you have to report unauthorized activities within a specific time frame to get reimbursed. What's worse is that, unlike a credit card, which uses funds from the credit card company, your debit card is linked directly to your bank account.

If a fraudster has access to your bank account, they can take your money unnoticed. Unless your financial institution reimburses you, you could be out a significant amount of money.

How credit cards offer insurance

In addition to fraud protection, most credit cards offer a slew of free insurances. Perhaps the most common is travel insurance. Your credit card may refund cancelled and interrupted trips (up to a certain amount), help you get a hotel when your trip is delayed, and even pay for essentials when your baggage is lost, stolen, or damaged.

On top of that, your credit card may even offer emergency medical insurance, which could cover helicopter transportation or extra medical bills if you get injured abroad.

Most credit cards have extended warranties, too. When the manufacturer's warranty on an expensive purchase expires, your credit card company may extend it further. And don't forget about "price protection." If you bought an item before it went on sale, credit card companies will often reimburse you the difference.

Why you should use your credit card more

Of course, to benefit from fraud protection and free insurance, you have to use your credit card on purchases. And *that* is why you should use your [credit card](#) as much as possible.

If you used your credit card to buy a flight, you have free travel insurance that can help you in a time of need. Use a debit card or cash, and you're no longer covered.

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