

The Truth of 5 Credit Card Myths

Contributed by Webmaster

By Ben Needles

There are a lot of myths about credit cards. Here is the truth about 5 common credit card myths. While some of this information may seem like common sense, other information may surprise you.

1. You can buy anything you want with a no-limit credit card.

All credit cards have limits; therefore, no-limit credit cards have limits. The limit on no-limit credit cards depends on your spending patterns, income, current finances and credit history. No-limit credit cards aren't really no-limit credit cards; they are more an advertisement scheme to attract customers.

2. I am a failure because I have tons of credit card debt.

The inability to get out of debt is all psychological. As they say, it's all in your head! Debt is just like any other obstacle in life that you have to be motivated to overcome. If you believe that you are stuck, then you are. But if you believe that you will get out of debt, then you will. Take some of the most financially successful people in the world for example. Donald Trump had tons of debt and even filed for bankruptcy. However, today he has a \$2.5 billion fortune. He knew he wasn't a failure; therefore, he did not become one. It is your own state of mind that will determine your level of success in getting out of debt.

3. Merchants can require you to present identification when you use your credit card.

Merchants are not allowed to ask for proof of identification such as your driver's license. American Express, Discover, MasterCard and Visa all forbid merchants to require a customer to show their identification in order to use a credit card. Agreements between merchants and credit card companies prevent merchants from even asking for identification. Even though it is sometimes not prohibited through MasterCard and Visa agreements, it is still highly discouraged for a merchant to ask for your identification.

Your credit card is not supposed to be a form of identification and it is not supposed to require any proof of identification other than your signature on the back of your card.

4. Writing See ID instead of your signature on your credit card will prevent an unauthorized person from using your credit card.

While this may seem like a great idea to force a cashier to check your identification before accepting your credit card, it makes your credit card invalid. Without your signature on the back of your credit card, it is considered invalid and merchants are not allowed to accept it. Despite what you write on the back of your credit card, it must be your signature for your card to be valid.

In terms of your card being used by an unauthorized individual, it still can be, with or without your signature. Many cashiers admit that they don't even check to see if there is a signature on the back of credit cards. Writing See ID only means that the thief must sign the receipt as See ID. Even if the cashier does ask the person for identification it may hinder the use of your credit card, but the point is not having your signature on it in the first place makes your card invalid for use, even invalid for you to use.

5. Your credit card is not opened until you call the company to activate it.

Absolutely Wrong! The instant your credit card is approved is when your credit card is considered opened and it shows up on your credit report. If you decided that you no longer want a credit card after you apply for it because it will lower your credit score, you cannot simply not call the credit card company to activate it. Calling the company for activation allows the credit card to be used and by that time it is already opened.

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About the Author (text) Rachel Choi is the editor of TheCreditBeacon.com and provides some of the best personal finance information on the internet. Read more at <http://www.thecreditbeacon.com>

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