

## Beware the Credit Card Access Check

Posted By [Lending Club](#) On July 2, 2007 @ 3:37 pm In [Financial Education](#), [Lending Club](#) | [1 Comment](#)

On the surface, the credit card access checks that often come with your credit card bill may seem rather useful. These inviting blank checks let you tap into your credit line and write a check. But as you'll see, they can get awfully expensive in a hurry.

As I do nearly every month, I received some credit card access checks with my credit card bill. Next to the checks in large, bold letters, their many supposed advantages were listed:

- Create extra cash flow when you transfer balances from higher-rate credit cards
- Add funds to your checking account
- Simplify your life by paying your monthly bills with your credit card
- Handle your finances conveniently on one statement

Listed towards the bottom of the page, in rather small non-bold letters, was the first of many indications of the dangers of using these checks: The transaction fee for credit card access checks is 4% of each transaction (Min \$10, Max \$90). As I turned the page over, the type got smaller as my concern grew.









The terms went on to say that there is no grace period for credit card access checks, which are considered a cash advance. This means that interest starts to accrue from the day the check is cashed.

If you pay your next credit card bill in full, you will still be charged interest on the amount that was used by these checks. What's more, most credit cards charge higher interest rates on these types of transactions.

As if that wasn't bad enough, the terms concluded by saying that payments made would be applied to the card balance with the lowest interest rate first. This means you won't be able to pay off this high interest rate portion of your balance until you fully pay off everything else that you owe first.

We here at Lending Club want you to know that when you take the time to consider these potential pitfalls, you'll quickly see that the credit card companies are the only ones who benefit from the use of these checks.

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