
Beware Credit Card Cheques And The Cash Advance

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If you've got a credit card did you know that you can do more with it than just use it for payments.

For one you may receive a credit card cheque book which will enable you to pay with your card account via a cheque. For those times when a credit card will not be accepted.

You may also have the opportunity to get a cash advance. A means of withdrawing cash directly from your credit card either from a cash machine or directly to your bank account. This is great if you need cash in an emergency. But there's a catch to both these credit card account features, so be wary.

You Will Pay Much More Interest for the Service

Almost all credit cards charge a much higher interest for credit card cheques or a cash advance. You may forfeit any interest-free period, which means that you will start paying interest on the money the minute you spend the money. You will also find that most cards will also charge a fee each time you take a cash advance or use a credit card cheque. Plus using an ATM could raise the fee further still.

You Will Pop Up On The Credit Company Radar

Whenever you use a credit card cheque or take a cash advance, you're revealing the fact that you're not just using a credit card for it's convenience, you really do need the money. This will be recorded and noted in the credit card company's records and mark you as someone who possibly shouldn't receive the best deal. As they see it, you won't be going anywhere.

Spend With the Credit Card Where Possible

Try avoiding using cash to pay for small things and only to find you have to take a cash advance or use a credit cheque to pay for bigger things. Instead do it the other way around. If you're in a situation where you're relying on a cash advance, you should start using your card for the smaller things where you wouldn't usually consider it, in order to avoid taking the advances and paying the extra interest. Think carefully how you spend.

There are few bills now that need to be paid for with a cheque, consequently there are fewer reasons to ever use a credit card cheque. If you're willing to make a call and wait in their queue for a while or there's a facility to pay online, the chances are you can get them to accept a credit card payment. Most companies accept credit cards now. The fact is they're loosing out if they don't.

Be Wary Of Advance Limits

If you start to rely on cash advances, you'll eventually run into an advance limit. The credit card companies don't advertise it, but many of them have limits on how much of your balance can be cash advances and how much must be in purchases. Check these limits before you start taking cash advances.

Cash Advances Get Paid Off Last

When you begin to pay back your credit card balance, most lenders will put your payments towards the lowest-interest money, your purchases, first and once this is cleared towards any other lending. This being the case you will always be paying the higher interest on the cash advance or cheque until you clear your credit card debt completely and get your balance back to zero.

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