

Title:

Evaluating Balance Transfer Offers on Credit Cards

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Summary:

When looking to get a new credit card, there are many things to watch out for.

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Article Body:

When looking to get a new credit card, there are many things to watch out for. Whether this is your first card or you're simply looking to transfer your balance of an old card onto a new one, there are many items you'll want to beware of, including how long your 0% interest will be. One of the main issues of transferring your balance is what happens when you apply purchases onto the same credit card you transferred a balance on.

If you are in the market for a credit card to transfer a high-interest rate balance, there is one particular thing you'll want to watch for. For example, a credit card company may claim to have a 0% interest rate for 6 months on a balance transferred from another card. This, in fact, is quite common. However, the catch is simple when explained.

Use this card for any purchases and you'll be paying an interest rate of approximately 16.9% interest on your purchases. The 0% interest does not apply to any purchases you normally use a credit card for and if you have your transferred balance on the card, as well as purchases, your repayments will go toward paying off the balance transfer first. Therefore, you'll be accruing interest on the purchases and have no way to repay them unless you pay off the balance transfer first.

Unfortunately, this is why the majority of these companies offer cash backs and rewards. They want you to put purchases and increase your balance. In this particular case, they make a lot more money from you, while you spend years trying to pay it off.

Does this mean this is the death of the 0% balance transfer offer? No, it does not. To get around this, you're simply got to be aware of the fine print within

each particular programme. If the offer states that it is 0% interest on balance transfers, cheque for how long it will remain 0% and what the interest rate will be once the time is up. You'll also want to know and evaluate what the minimum transfer balance is. Most credit cards are approximately £100. You must decide at this point if you believe the balance will be paid by the time period is up and if not, can you handle the interest rate.

The next step is to keep this card only for this balance transfer. Do not put any purchases or draw any cash from this card, no matter what kind of offer they give you for rewards or cash back. If you can do this, the 0% balance transfer will be beneficial to you.

Another thing to watch out for on credit card offers is if there is a handling fee. There are some companies that will charge a one-off 2% fee for balance transfers and they also put a minimum charge of £2 and a maximum of £50. While there are still some offers that will not charge a handling fee, they are becoming rare.

When looking to use a credit card for a balance transfer, it is very important to read the fine print on each and every offer before you make a decision. Look at what the interest rate will be and after what time period, as well as any handling fees involved. Evaluate each 0% balance transfer offer and go with the one you feel would work best for you.