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Pop Quiz: Can a Store Force You to Spend \$10 to Use a Credit Card?

MoneyTalksNEWS 20 Years of Personal Finance

By Maryalene LaPonsie October 17, 2014 11:00 AM



They were swiped, tapped or keyed in 149.36 billion times in 2012.

"They" would be our credit cards, and that large figure represents the number of

global credit transactions that took place two years ago, according to The Nilson Report.

We may love to use our credit cards, but how much do we really know about them? Money Talks News finance expert Stacy Johnson has another pop quiz to help us find out.

The man on the street batted .500 on our credit card questions. See if you can do better. Watch the video below, take your best shot, then keep reading for additional information.

Watch the video of 'Pop Quiz: Can a Store Force You to Spend to Use a Credit Card?' on MoneyTalksNews.com.

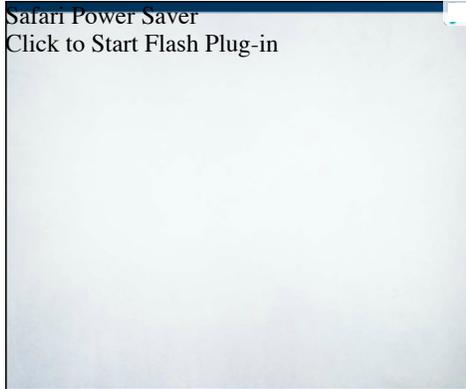
True or false: Stores can require a minimum purchase if you want to pay with a credit card.

True.

Did you think the answer was false? If so, you get points for knowing that at one time it was against the rules for retailers to require minimum purchases for credit card payments.

However, it was never against the law. Instead, the "no minimums" requirement was part of the agreements made between merchants and credit card companies.

That part of the agreements went out the window with the Dodd-Frank Wall Street Reform and Consumer Protection Act,



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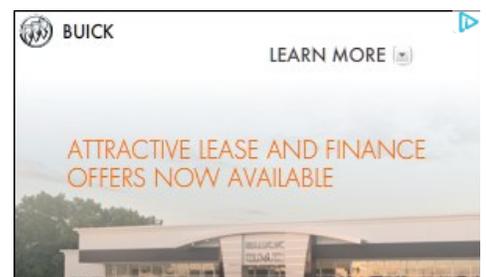
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which was passed in 2010 in the wake of the Great Recession. Among other things, the law gave merchants the right to impose minimum sale requirements for credit card transactions.

So the next time you find yourself reaching for a couple of candy bars or a pack of gum to beef up your total at the register, you can thank former U.S. Sen. Chris Dodd and former U.S. Rep. Barney Frank.

Why would a store insist you spend a certain amount in order to use your plastic? Read about the logic in [“What’s With Credit Card Minimums?”](#)

European credit cards have an edge on our cards and are more difficult to counterfeit. True or false?

Another true.

European cards have an embedded chip and require users to enter a PIN for each transaction. On the other hand, our standard U.S. cards use a magnetic strip that isn’t horribly hard for counterfeiters to duplicate on fake cards.

After the massive data breaches of recent months, some stores have begun the process of moving their customers to chip-and-PIN cards. By the end of 2015, Forbes reports, 70 percent of U.S. credit cards and 41 percent of U.S. debit cards will have embedded chips.

For maximum financial protection, is it better to use your debit card or credit card?

To keep potential headaches to a minimum, reach for your credit card.

Both debit and credit cards offer fraud protection, but you may find yourself on the hook for more money with a debit card. According to the Consumer Financial Protection Bureau, your liability for unauthorized charges on a credit card is capped at \$50. With a debit card, the \$50 max applies only if you notify your debit card issuer within two days of it being lost or stolen. After that, you could be required to pay as much as \$500. Wait 60 days, and you may find you’re liable for the entire amount.

Some debit cards with a Visa or MasterCard logo may have the same level of fraud protection as credit cards. For those cards, you may only be out \$50 for unauthorized transactions. However, that’s policy, not law, so it could change. Another reason credit cards are better: They come with dispute privileges, meaning if merchandise you order wasn’t as advertised or never arrives, you can withhold payment to the merchant pending an investigation. That’s something you can’t do with a debit card,



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because the money leaves your account immediately.

This is why you should never use a debit card when online shopping.

Once you've paid off a credit card, you should close the account, right?

Only if you want your credit score to suffer.

According to FICO, which calculates the most common score used by creditors, 15 percent of your score depends on the length of your credit history.

What does that mean? This is what FICO says it evaluates when looking at the length of your credit history.

In general, a longer credit history will increase your FICO® Score. However, even people who haven't been using credit long may have a high FICO Score, depending on how the rest of the credit report looks.

Your FICO Score takes into account:

- how long your credit accounts have been established, including the age of your oldest account, the age of your newest account and an average age of all your accounts.
- how long specific credit accounts have been established.
- how long it has been since you used certain accounts.

That means, unless your card has an annual fee, it's probably best to leave the account open even if you don't plan to use it again.

Did you do better than our man on the street? Regardless of your score, you may want to swing by our Solutions Center to check out which cards offer the lowest interest rates and the best rewards.

This article was originally published on MoneyTalksNews.com as 'Pop Quiz: Can a Store Force You to Spend \$10 to Use a Credit Card?'.

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