

8.1: Introduction to Consumer Credit Transactions

The amount of consumer debt, or household debt, owed by Americans to mortgage lenders, stores, automobile dealers, and other merchants who sell on credit is difficult to ascertain. One reads that the average household *credit card* debt (not including mortgages, auto loans, and student loans) in 2009 was almost \$16,000. Ben Woolsey and Matt Schulz, *Credit Card Statistics, Industry Statistics, Debt Statistics*, August 24, 2010, <http://www.creditcards.com/credit-card-news/credit-card-industry-facts-personal-debt-statistics-1276.php>. This is “calculated by dividing the total revolving debt in the U.S. (\$852.6 billion as of March 2010 data, as listed in the Federal Reserve’s May 2010 report on consumer credit) by the estimated number of households carrying credit card debt (54 million).” Or maybe it was \$10,000. Deborah Fowles, “Your Monthly Credit Card Minimum Payments May Double,” About.com Financial Planning, <http://financialplan.about.com/od/creditcarddebt/a/CCMinimums.htm>. Or maybe it was \$7,300. Index Credit Cards, *Credit Card Debt*, February 9, 2010, <http://www.indexcreditcards.com/creditcarddebt>. But probably focusing on the *average* household debt is not very helpful: 55 percent of households have no credit card debt at all, and the *median* debt is \$1,900. Liz Pulliam Weston, “The Big Lie about Credit Card Debt,” *MSN Money*, July 30, 2007.

In 2007, the total household debt owed by Americans was \$13.3 trillion, according to the Federal Reserve Board. That is really an incomprehensible number: suffice it to say, then, that the availability of credit is an important factor in the US economy, and not surprisingly, a number of statutes have been enacted over the years to protect consumers both before and after signing credit agreements.

The statutes tend to fall within three broad categories. First, several statutes are especially important when a consumer enters into a credit transaction. These include laws that regulate credit costs, the credit application, and the applicant’s right to check a credit record. Second, after a consumer has contracted for credit, certain statutes give a consumer the right to cancel the contract and correct billing mistakes. Third, if the consumer fails to pay a debt, the creditor has several traditional debt collection remedies that today are tightly regulated by the government.

This page titled [8.1: Introduction to Consumer Credit Transactions](#) is shared under a [CC BY-NC-SA](#) license and was authored, remixed, and/or curated by [Anonymous](#).

- [10.1: Introduction to Consumer Credit Transactions](#) by Anonymous is licensed [CC BY-NC-SA 3.0](#). Original source: <https://courses.lumenlearning.com/waymakerintromarketingxmasterfall2016>.