



STATE OF CONNECTICUT
NEWS RELEASE

Attorney General Richard Blumenthal

Department of Consumer Protection
Commissioner Edwin R. Rodriguez

State Sen. Bob Duff

THURSDAY, APRIL 27, 2006

**ATTORNEY GENERAL, DCP, SEN. DUFF ANNOUNCE \$672,000
SETTLEMENT WITH HOME DEPOT, BANK FOR CREDIT CARD
PRACTICES**

Attorney General Richard Blumenthal, Department of Consumer Protection (DCP) Commissioner Edwin R. Rodriguez and state Sen. Bob Duff, D-Norwalk today announced that Home Depot and its banking partner have agreed to pay Connecticut and state consumers \$672,000 for credit card payment practices that unfairly increased consumers' interest costs.

Connecticut is the first state to reach a settlement with Home Depot and GE Capital over the practice, which affected consumers nationwide.

Under the settlement, Home Depot and the new owner of Monogram Credit Card Bank of Georgia, GE Capital Corporation, agreed to pay the state \$350,000 and at least 8,000 Connecticut consumers \$322,000 in restitution.

Home Depot periodically offers customers "no interest/no payment" purchases on the store's credit card. Consumers are charged no interest on a specific purchase for a certain time period – typically a year to 18 months. The store failed from 2000 to 2003 to properly inform many consumers that most of their payments would automatically be allocated toward the interest-free purchase. As a result, many consumers who carried Home Depot credit card balances and took advantage of "no interest/no payments" promotions paid more interest than necessary. The chain also failed to fully disclose that consumers could change how their payment was allocated.

"What seemed like a great break became a big fake – after Home Depot hammered more than 8,000 Connecticut consumers with extra interest costs," Blumenthal said. "Home Depot unfairly reaped revenue from consumers who

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trusted the company's 'no interest' pitch, only to be charged interest. The company failed to tell consumers that they could pay down interest-incurring debt first, saving themselves significant costs. The message: consumers deserve full benefit of the deals they are promised."

"Consumers were shortchanged with this misleading 'no payment/no interest' plan. In reality, it ended up in many cases costing them more in the long run, with additional interest charged to their accounts," Rodriguez said. "Consumers should really pay attention to the terms and conditions of any credit offer, and always read the fine print before signing up. After the sale, it's equally important that buyers thoroughly review their monthly bills to make sure they are getting the full advantage of the promotion."

"I'm always pleased when I can be of service to my constituents from Norwalk and Darien," Sen. Duff said. "It's encouraging that stores which bully customers and use unethical sales tactics are brought to light. I appreciate Attorney General Blumenthal's work on this issue and look forward to working with him more in the future on matters such as this."

Consumers are receiving restitution ranging from pennies to \$100, depending on the size of their balances and other factors.

The \$350,000 payment to the state will go into the General Fund.

The settlement forbids the companies from advertising their credit programs as "no interest/no payment" in the future, unless those credit programs truly are "no interest" and "no payment."

*****END*****

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