



DISABATO &
BOUCKENOOGHE LLC
-ATTORNEYS AT LAW-

4 HILLTOP ROAD
MENDHAM, NEW JERSEY
07945

973.813.2525

www.disabatolaw.com

LAWYER'S VIEW



FIFTY SHADES OF GREY CHARGES

By: David J. DiSabato, Esq., DiSabato & Bouckenooghe LLC

Chances are you never even notice them, but "grey charges" on your credit card are probably costing you more than you'd ever imagine. Grey charges are small hidden credit and debit card charges that are slipped onto your monthly statement without your knowledge. This time though, it's not the bank that's dinging you – its unscrupulous companies who have figured out how to slide these grey charges right by you.

Grey charges are associated with products or services that you never ordered, wanted or intended to sign up for. Grey charges aren't necessarily illegal, but they're certainly iffy. Credit and debit cardholders in the United States incurred 233 million grey charges in 2012, totaling \$14.3 billion in charges. Roughly three in every 1,000 credit card charges are grey charges, with an average annual cost of about \$215 per person.

Grey charges come in all shapes and

shades. There are "zombie charges" that come from subscriptions or memberships that you cancelled, but that just never die no matter how hard you try to kill them. There are "ghost renewals" that come from subscriptions or trial periods, where the renewal date is intentionally hidden so that it will sneak up on you. And then there's the "cost creeper" where the initial cost for a product or service increases after the first few months, often without your consent or even your knowledge.

Perhaps the most infamous grey charge came from those catchy "FreeCreditReport.Com" commercials. Experian (one of the biggest consumer credit reporting agencies in the world) was responsible for the "free" credit report offer made by that quirky band in those commercials. Obviously, Experian doesn't make any money by giving away free credit reports. Turns out that when you signed up to receive your free

credit report, Experian enrolled you in a \$14.95 per month credit monitoring service. And there's your grey charge – this one's known as a "freemium charge" because it goes from free to premium without your knowledge.

As Experian expected, most people never noticed the relatively small charges on their monthly statements, and Experian made a mint through offering a "free" product. Well, soon enough, Experian found itself on the wrong end of several class action lawsuits. Although Experian tried valiantly to explain to the Courts that "free" doesn't really mean "free," the company eventually changed their commercials to add some more meaningful disclosures.

What can you do about grey charges? Well, the simplest thing to do is to review your credit card statements each month. As depressing as that may be, it's the best way

to spot those grey charges. You should also watch where you click when you're shopping on-line. Believe me, you'll never be able to read all the fine print that on-line sellers throw at you, but be wary of those free or trial offers that pop up – they are very likely enrollment traps that will result in unwanted grey charges. Finally, don't be afraid to dispute a grey charge with your credit card issuer. If you do, you won't be alone – card issuers get almost 24 million calls per month complaining about grey charges.

If all else fails, go ahead and call your lawyer. Experian only changed its "FreeCreditReport.Com" offers after getting sued, so in that case, it paid off. Now if only I could get their jingle out of my head...

DiSabato & Bouckenooghe LLC is a consumer protection law firm located in Mendham, New Jersey. For questions or to learn more, go to www.disabatolaw.com.