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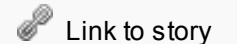
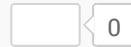
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How to negotiate a better credit card deal

By Carmen Chai



Tired of paying the annual \$120 fee on your credit card? Or are you wading in debt and need the relief of a lower interest rate? You can always try negotiating with your credit card provider to get a better deal. It just takes some planning, practice and patience, according to Canadian personal finance experts.

Before you scoff at the idea, give it a chance. You may be surprised at how easy it can be.

The U.S. Public Interest Research Group conducted a study in 2002, recruiting volunteers who called their credit card companies to ask for a lower interest rate. With a single, five-minute phone call, 56 per cent of the volunteers were successful.

In a similar, informal study by the [Canadian Broadcasting Corporation](#), 10 Winnipeg mall shoppers read a script to their credit card issuers. Six were handed a lower rate just by reading the few lines dictated to them:



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"I think I've been a good customer. I'd like to stay with you, but I really want to lower the rate on my card. Can you help me?"

Make sure you have a good track record

It's important to make the call when you're on good terms with the institution. That means you should be up-to-date with payments. It also means you should have history with the company. And Mike Gomes, a certified financial planner at Ironshield in Toronto, suggests selecting your oldest card when trying to strike a better deal.

"They can quickly look at the records and see you've been a customer with a good credit history, and they'll be more willing to drop the rate," Gomes said.

State your case

Do your homework and research the best deals that are available. Then build your case and rehearse your script.

"In credit counselling, when we assist people, they usually need to negotiate because they have some kind of a hardship situation," says Pat White, executive director of the Credit Counselling Canada.

Perhaps your interest rates alone are keeping you from being able to make a dent in your debt. Or maybe you've lost your job or had a serious illness. No matter what, White says, explain your situation, and see what they can do.

"Banks are concerned about their customers so it's worth the ask," she says.

Gomes likens it to negotiating your cable or cell phone bill.

"Call and say you're trying to find a better deal," he says. Explain that you have tough circumstances, or that you've seen better deals out there. State how long you've been a cardholder and that you've been a responsible client.

Then, be persistent: sometimes the first person may not be able to help you. If that's the case, Gomes says it's worthwhile to hold the line and talk to the retention team or a supervisor.

"I would take that step because a five- or 10-minute phone call could end up saving you hundreds or even thousands [over time], depending on what types of balances you carry," Gomes said.

Be polite, too. If it doesn't work, record your progress and call back within a few weeks.



But don't threaten to close your account unless it's a step you're willing to take. It could backfire on you, Gomes warns.

Explore other options

If you're unsuccessful, there are other routes you can take, White said.

Credit counselling organizations coach clients through what to do, and some even act as the middleman between their clients and the bank.

Some consumers turn to **balance transfers** and move their debt to a lower interest card. But watch for any fees tacked on in the transfer and make sure that the lower interest rate isn't a short-term promotion, White warns.

See related: [Ask yourself these 3 questions to start eliminating debt](#), [Credit unions have fewer fees, locations than banks](#)

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