

Wednesday, 12 November 2008

EARLYBIRD SHOPPERS URGED TO “SHOP SMART”

With the Christmas Pageant having heralded the start of gift-buying season, consumers are being encouraged to “shop smart” and avoid the potential traps of using credit or interest free terms.

Consumer Affairs Minister Gail Gago has issued a warning to early-bird Christmas shoppers that buying now can mean paying later in more ways than one.

“Lots of shoppers like to get in early with their Christmas shopping – but it’s important to plan Christmas spending carefully,” Ms Gago said.

“The ‘buy now, pay later’ approach can create stresses further down the track when repayments are due along with other household bills and expenses.”

Many retailers heavily promote their own cards and interest free term offers at this time of year.

“There is nothing wrong with using credit, but consumers need to read and understand the terms and conditions,” Ms Gago said. “It’s important to do the sums on what fees are to be paid and what amount may be remaining after the interest free period expires. It’s a good idea to try to pay the balance in full each month.”

Interest free term purchases usually involve a fee charged for the service, and severe penalties for late payment.

“Don’t assume that by making the required minimum payments during the interest free period that the total bill is then paid,” Ms Gago said.

“For some interest free agreements when the interest free period ends there may still be money owed on the purchase, and that remaining sum may incur a large interest charge.”

Ms Gago offered the following tips to help avoid the Christmas credit crunch:

- Shop around to compare prices
- Set a budget and stick to it
- Read the terms and conditions carefully before agreeing to buy now and pay later
- Consider alternatives to credit such as lay-by
- Try to pay off credit card balances in full each month
- Seek advice from a financial counsellor if debts seem to be spiralling out of control

More smart shopping advice is available from the Office of Consumer and Business Affairs at www.ocba.sa.gov.au