Comparing the credit card comparison websites

O n the Internet, credit card offers abound. They pop up in search engines and at the sides of websites. Credit card offers have also fueled an explosion of credit card comparison websites.

Without too much effort, we found 54 sites with the mission (or sideline) of helping consumers get the right credit card deal. Narrowing them down was a bit more challenging. To evaluate the sites, Consumer Action developed a checklist of nine elements we found most helpful. Thirteen sites that contained all or all but one or two of these elements made our list. (See the chart on pages 2-3.)

Three sites met all the criteria (Card Hub, CompareCards.com and Credit-Donkey).

Five sites met eight out of nine of our criteria (Bankaholic, CardRatings.com, Credit Karma, Credit.com and FindThe-Best).

Five more sites met seven out of nine of our criteria (Bankrate, CreditCards.com, CreditCards.org, MyRatePlan and NerdWallet).

Our key criteria

Intuitive user interface and search filters. Uncluttered, easy-to-read user interfaces, with simple-to-find searches.

Results from a variety of issuers. All 13 sites provide results or feature cards from leading card issuers. Some allow you to search by card issuer. To gauge the kind of results one could expect, we ran three sample searches on the eight sites that met at least eight of our nine criteria.

The sample searches included cards:

• With a “cash-back” feature (see chart, below right)
• Offering 0% balance transfer deals (see chart, page 4)
• Suitable for people with “bad credit”

Then we compared the top three results See “Comparing sites,” page 3

Searching with damaged credit?

C onsumers with limited or damaged credit who are on the hunt for a credit card will find choices to consider on card comparison websites, but these card offers require a caveat: Scrutinize the results.

Manageable searches

Credit card comparison sites that met Consumer Action’s key criteria are highlighted in our survey (see survey chart, pages 2-3). Most of the sites allow users to narrow their search based on credit rating (“poor,” “fair,” “good,” “excellent” or “limited/none”). Some even give a score range for each category—helpful if you happen to know what your credit score is. If you don’t, Credit.com and Credit Karma offer a free tool for estimating your score. Credit Karma provides the requisite credit score range next to the individual cards.

Card Hub offers a feature for no- and low-score card shoppers: Its Credit Card Advisor takes the user through a short questionnaire about his or her credit history and expected card use, then recommends a product. The recommendation page provides an explanation of why each result was chosen. If you’re undecided about applying, you can click “E-mail me this card” and you’ll receive a message with the name of the card and a link to more info.

Prepaid’s not credit

Depending on which comparison site you use, your search results could include prepaid cards. Our “bad credit” search on CompareCards.com yielded 12 results, half of which were prepaid cards. While a good prepaid card might be the right choice for some consumers, prepaid cards are not credit cards, and they can’t help you establish or improve your credit rating, which should be the goal of anyone with damaged or limited credit. Prepaid cards don’t allow you to pay for purchases over time or spend more than the amount loaded on the card. Credit.com automatically separates its results into categories—Credit Cards, Secured Cards and Prepaid Cards.

Of the credit card comparison sites in See “Damaged credit,” page 3

‘Cash back’ card offers: Top three cards recommended by comparison site

Note: These are sample search results returned during our survey period (May 5-Aug. 6, 2012). For up-to-date results, conduct your own searches.

<table>
<thead>
<tr>
<th>Result One</th>
<th>Result Two</th>
<th>Result Three</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bankaholic Blue Cash Everyday (American Express)</td>
<td>Cash Rewards (Capital One)</td>
<td>More (Discover)</td>
</tr>
<tr>
<td>Card Hub Cash Rewards $100 Cash Back Bonus (Capital One)</td>
<td>Cash Rewards for Newcomers (Capital One)</td>
<td>Cash Rewards (Capital One)</td>
</tr>
<tr>
<td>CardRatings.com Blue Cash Everyday (American Express)</td>
<td>More (Discover)</td>
<td>Blue Cash Preferred (American Express)</td>
</tr>
<tr>
<td>CompareCards.com Dividend Platinum Select (Citi)</td>
<td>Dividend Platinum Select $100 Cash Back (Citi)</td>
<td>Blue Cash Everyday (American Express)</td>
</tr>
<tr>
<td>CreditDonkey More (Discover)</td>
<td>Open Road (Discover)</td>
<td>Motiva (Discover)</td>
</tr>
<tr>
<td>Credit Karma Freedom (Chase)</td>
<td>Dividend Platinum Select $100 Cash Back (Citi)</td>
<td>Blue Cash Everyday (American Express)</td>
</tr>
<tr>
<td>Credit.com More (Discover)</td>
<td>Cash Rewards $100 Cash Back Bonus (Capital One)</td>
<td>Cash Rewards (Capital One)</td>
</tr>
<tr>
<td>FindTheBest More (Discover)</td>
<td>Motiva (Discover)</td>
<td>Iberiabank Visa Gold Card (iberiabank)</td>
</tr>
</tbody>
</table>

Credit Card Comparison Site Survey

F or more than two decades, Consumer Action conducted its annual Credit Card Survey, compiling the interest rates, fees and obscure terms and conditions that cardholders are subject to. This annual overview and “pulse point” on the industry helped consumers choose credit cards and served as a record of the growth of anti-consumer practices in the industry. The evidence we collected helped get the CARD Act—one of the most successful consumer protection updates—signed into law in 2009.

With the rise of the Internet, comparing credit cards has become a business model for dozens of companies. The sites make money when consumers click through and apply for a card. The business model demands that the information be kept continuously updated—something we, as a non-profit, lack the ability to do.

So, instead of conducting another survey of individual credit cards this year, we take a look at the plethora of card comparison sites to determine which ones offer the most useful and complete information.

About the survey

Consumer Action’s “Credit Card Comparison Site Survey” was conducted from May 5 through August 6, 2012, by Alegra Howard and supervised by Ruth Susswein.

Note: You are prohibited from using Consumer Action’s name or any reference to its surveys in advertising or for any other commercial purpose. Alegra Howard, Ruth Susswein, Monica Steinsich and Michelle De Mooty wrote the stories in this issue; Linda Sherry was the editor. Send any comments about this survey to editor@consumer-action.org.
Don't play credit card roulette

The credit card market presents consumers with an overwhelming array of offers. Whether your goal is to charge, transfer a balance, earn rewards, or simply pay your balance in full, there are few businesses that do not have a card or service that caters to your needs. Consumer Action looks at some of the criteria consumers should consider when choosing a card.

You'll likely want to consider a card with a low APR, as well as a low fee for card use. A low fee could be a cost that you can afford to pay.

Tools and resources

There's a lot of help out there to find a credit card that best suits your needs. But, before you start your search, you might want to consider a credit card that offers rewards and a low APR.

For more information and a comparison of secured cards, read Consumer Action's Secure Credit Card Survey in the Fall 2011 issue of Consumer Action News (link to PDF).

Comparing sites

Consumer Action has a chart that compares seven popular sites online to help you find the best credit cards.
Earning their keep

Credit card comparison sites earn a commission for referrals when a user applies or is approved for a credit card. While not every credit company engages in “affiliated marketing,” for many this is a core component of their marketing strategy.

Many comparison sites also earn income from advertisements placed on their sites. With this income stream, sites can afford to provide users with free card reviews, financial literacy articles and other information, and that information in turn draws visitors who will peruse the card offers.

Our research shows that, typically, the same cards are recommended in searches from site to site, but they often vary in ranking from site to site. And we found that, sometimes, offers on the same cards vary somewhat as to the length of an introductory rate, the balance transfer terms or the purchase interest rate. To get a comprehensive idea of the cards that are out there, we recommend conducting a search.

The federal Trade Commission’s rules on endorsements, which require disclosures of financial or other beneficial connections between advertisers and endorsers. Richard Cleland, assistant director of the FTC’s Division of Advertising Practices, told Consumer Action, “If they’re making a [credit card] recommendation and getting a commission they should make clear and conspicuous disclosures that they receive compensation...and hiding it at the bottom of a [Web] page is not enough.”

“Every card comparison site should disclose its financial relationships with some of the merchants mentioned here. CreditCards.org may be compensated if consumers choose to use the links located throughout the content on this site and generate sales for the said merchant.”

Card Hub says it “makes money from advertisements. In addition, we receive a stipend when users get approved for a credit card that they located through our site.”

CompareCards.com says: “This site may be compensated by credit card issuers when a reader applies for a credit card through the links on this site.”

Not disclosing financial arrangements may run afoul of the Federal Trade Commission’s rules on endorsements, which require disclosures of financial or other beneficial connections between advertisers and endorsers. Richard Cleland, assistant director of the FTC’s Division of Advertising Practices, told Consumer Action, “If they’re making a [credit card] recommendation and getting a commission they should make clear and conspicuous disclosures that they receive compensation...and hiding it at the bottom of a [Web] page is not enough.”

“Every card comparison site should disclose its financial arrangements,” said Linda Sherry, Consumer Action’s director of public education. “It’s no secret how the industry earns its keep. If the arrangement allows sites to provide solid consumer information and tailored card recommendations or a variety of card choices, that’s a good thing. Why not spell it out?”

Roulette

Continued from page 2

Most websites set and access “cookies” on your hard drive to track your activities on their sites (behavioral tracking). Cookies, unbeknownst to many users, are small bits of software that automatically download to your computer (or mobile device) and collect information such as your computer’s Internet protocol (IP) address and browser type, which website pages you visit, and the average time you spend browsing a site. Your IP address reveals your approximate geographic area, as IP numbers are linked to your Internet service provider. (Disabling cookies may mean that you can’t use certain sites.)

Look for sites that state they don’t use cookies or collect personal information. Also, if you are going to provide detailed information about your financial accounts, check that the site allows consumers to download and erase their data if they choose.

Managing your data flow

You can limit tracking of your activities as you use online comparison-shopping services by downloading a “Do Not Track” service. Abine’s (www.abine.com) Do Not Track Plus (DNT+) is a free download that identifies and blocks most of the companies tracking you as you surf the Internet.

To surf anonymously, use a third-party site designed to fool companies that track. The Tor Project (www.torproject.org) provides free software to help you be anonymous on the Web.

Your browser may have an anonymous surfing option, or a built-in Do Not Track mechanism. Check the Help menu on your browser for privacy and security information.

0% Balance transfer offers: Top three card recommendations

These are sample search results returned during our survey period (May 5-Aug. 6, 2012). For up-to-date results, conduct a search.

<table>
<thead>
<tr>
<th>Card</th>
<th>Intro Length</th>
<th>Intro Months</th>
<th>Intro Rate</th>
<th>Intro APR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bankaholic</td>
<td>Discover More/18 months</td>
<td>Discover More/15 months</td>
<td>Capital One Platinum Prestige/through 11/13</td>
<td></td>
</tr>
<tr>
<td>Card Hub</td>
<td>Capital One Cash Rewards/through 8/13</td>
<td>Capital One Platinum Prestige/through 9/13</td>
<td>Discover More/18 months</td>
<td></td>
</tr>
<tr>
<td>CardRatings.com</td>
<td>Citi Dividend Platinum Select Visa/12 months</td>
<td>Discover More/18 months</td>
<td>Discover More/15 months</td>
<td></td>
</tr>
<tr>
<td>CompareCards.com</td>
<td>Citi Simplicity/18 months</td>
<td>Chase Slate/15 months</td>
<td>Discover More/18 months</td>
<td></td>
</tr>
<tr>
<td>CreditDonkey</td>
<td>Chase Slate/60 days</td>
<td>Discover More/18 months</td>
<td>Citi Diamond Preferred/18 months</td>
<td></td>
</tr>
<tr>
<td>Credit Karma</td>
<td>Capital One Platinum Prestige/through 11/13</td>
<td>Chase Slate/15 months</td>
<td>Discover More/18 months</td>
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</table>

CFPB complaint data offers little guidance—yet

Since June, consumers have had access to credit card complaint data from the Consumer Financial Protection Bureau (CFPB). The database contains general categories of information including complaint type, credit card issuer and a note as to whether the complaint has been resolved or continues to be in dispute. The CFPB acknowledges that its “complaint type” category does not—yet—give users enough meaningful information to guide shopping decisions. This is because no specifics about consumer complaints and company practices have been made public.

Consumers who are adept at crunching data can discover which types of complaints are most frequent and which card issuers have received the most complaints. For now, the database doesn’t account for a company’s market share, which would help consumers put complaints in context.

A search of the CFPB’s credit card complaint data in August revealed that four of the largest credit card companies (Capital One, Chase, Citibank and Bank of America) accounted for 69% of the 3,336 complaints filed. Top complaint categories were billing disputes, APR (annual percentage rate, or interest rate), account closing, credit reporting and ID theft/fraud.

To file a complaint, visit www.consumerfinance.gov and click on “Submit a Complaint,” or call 855-411-CFPB. To review the complaint database, click on Consumer Complaint Database from the Participate drop-down menu.