

Upon reading the fine print in the catalog, it is clear that Sears does indeed charge $1\frac{1}{2}\%$ on the previous month's billing without adjusting for what was paid by the customer on that statement. The balance, however, on the next statement reflects what is truly owed—not the basis for calculating the service charge. It appears that Sears actually does much better than $1\frac{1}{2}\%$ on service charges. Had we not complained, we would have paid $3\frac{1}{2}\%$ for \$75 for a month.

By contrast Penney's catalog says $1\frac{1}{2}\%$ of the unpaid balance. Is Sears openly conducting a deception about their true service charge percentage, or is this just called sharp business? After doing our buying there for 30 years, we are not so sure about our Sears charge card. Have you any comments on this unusual way to do business?

R. L.,
Mount Prospect, Ill.

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Although aware of the exorbitant interest rates charged by department stores, I purchased a new house and needed about \$1,500 worth of odds and ends to make it livable. I compared the interest rates of several companies and noted the following in a Ward's catalog: "I will pay . . . charge of $1\frac{1}{2}\%$ per month on the opening monthly balance of my account on amounts up to \$500 and $\frac{3}{4}\%$ per month on amounts in excess of \$500." This made sense—much like the all-electric home does—the rates decrease as increased use is made of the service. I assumed that the cost of carrying an account was absorbed in the higher rate for the first \$500 and then reasonably expected the lower interest as an expression of their lower costs. Thus, I placed all \$1500 in purchases with Ward's rather than seeking to divide the purchases among several stores.

When the bill came I found that I was charged interest at the full $1\frac{1}{2}\%$. Upon inquiry, I was told that the figures in the catalog pertain only to people who live in Missouri. I insisted that their catalogs (which arrived via mails unsolicited at my home) induced me to make the indicated purchases. Their reply was that when I first made a catalog order I was handed a small card to sign which had different interest figures on it—namely that I would pay $1\frac{1}{2}\%$ of the unpaid balance regardless of how high it went.

Letters to Ward's are rewarded by condescending letters which refuse to even consider the possibility of misleading. In recent months I purchased another \$2500 worth of merchandise, nothing to be sure from Ward's.

Having long been a reader of Consumer Reports I should not have permitted myself to be trapped into these high interests. But, I had assumed my investigation of the rates as printed on the back of the contracts attached to the catalog was adequate. Apparently not.

G. M.,
Edmond, Okla.

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I would like to call your attention to what appears to be usury practiced by Montgomery Ward in their billing system. This company adds interest at the rate of $1\frac{1}{2}\%$ per month to the unpaid balance existing at the beginning of a billing period without deducting payments made during the billing period. In effect they are charging interest on money which has already been paid on the account during the billing period and prior to the billing date. Why don't they calculate interest on the balance remaining on the account at the end of the billing date?

As an example, the following is my bill dated 5-25-67.

Last month's balance	\$157.82
Service charge added	2.37
Payments & credits	118.82
New balance	41.37

The \$118.82 was paid on the account during the billing period yet interest is still charged to it. The actual interest rate charged on this bill is almost 6% per month calculated on the balance remaining at the end of the month.

I have already written Montgomery Ward regarding this practice but, as expected, I have received no reply. I am sure Montgomery Ward would be among