Some credit cards marketed to those with low credit scores charge so many initial fees that 25% of the credit limit is already taken up by fees, and very high interest rates are then applied to the fees as well as any purchases. As a result, the effective interest rate on your credit card charges is much higher than you think it is or than is indicated by the disclosed interest rate.

Source: National Consumer Law Center, Surviving Debt [50th NCLC Anniversary Edition], updated at www.nclc.org/library
Source URL: https://library.nclc.org/sd/0714