

So whenever we want something we can't afford we can use the credit card?

Oh no! When we borrow the money from the credit card company we have to be able to pay it back. So we only use it when we really have to.



Dad said that every month the credit card company send him a bill. It tells him how much money he has borrowed and how much of the money he has to pay back.

<b>BLUECREDIT</b>		
Account Name: Mr A Wise		
Account Number: 7777 6966 0707 0865		
Credit limit: £3000		
<b>Statement for June</b>		
3 June	Gateway Holidays	£850.00
Interest Added		£ 0.00
Total Amount Borrowed		£850.00
Minimum Payment		£150.00

This tells Dad how much he has borrowed.

This tells Dad how much he is allowed to borrow.

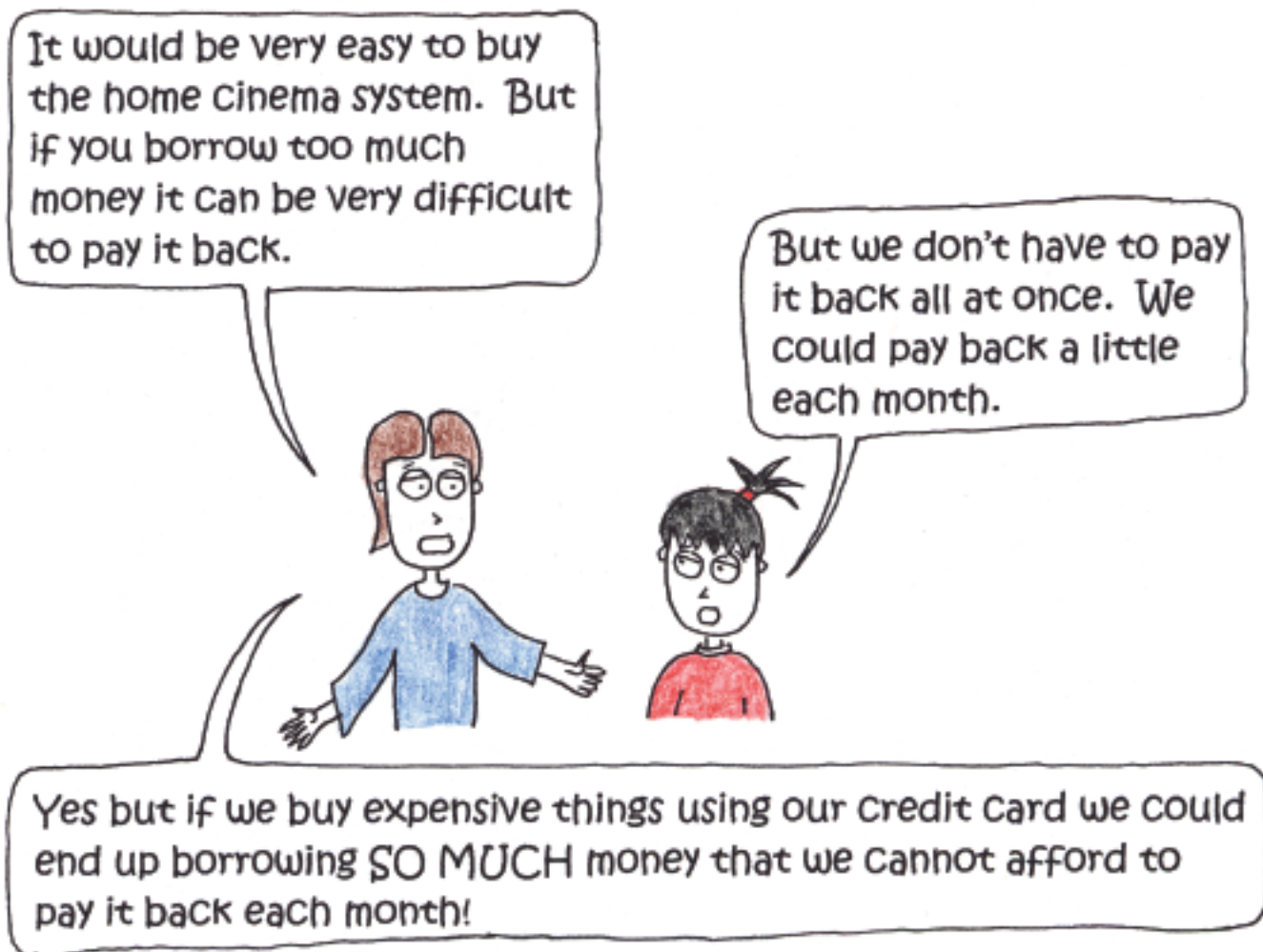
This tells Dad how much he needs to pay back this month.



Mum explained that this is how Credit Card companies earn their money. They help people to buy things that they want but cannot afford to pay for straight away (like a new television). So if people cannot pay all the money back at the end of the month they charge interest on the money they have not paid back.



While Dad, Fred and the sales assistant went to the till to buy the cheaper television, Mum took me outside to explain why they had not bought the amazing television.



Mum said that some people borrow so much money using credit cards that they cannot afford to pay it back!

They end up in something called **BAD DEBT!**

This is *SCARY* stuff! If you cannot pay back any of the money that you borrowed, the credit card company can take back the things that you borrowed the money for!

The television!



The car!

Furniture!



Even your house!

And even if you manage to pay it all back, you may **NEVER** be allowed to borrow money again! So that is why Mum and Dad did not buy the amazing television. It made a lot of sense!