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No time to shop around? An easier choice for credit card holders

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The Office of Fair Trading (OFT) – as part of its role in protecting the rights of consumers – recently commissioned ORC International to explore consumers' views and behaviours when choosing a credit card in the UK.



Our research sought to examine the factors that influence consumers when deciding on a credit card. We aimed to assess the levels of awareness about various credit card features, and wished to investigate whether certain additional support and comparative cost information could be offered to help consumers make more informed choices.

- How do people go about choosing the right credit card for their needs?
- Do they shop around before choosing the best product?
- Are they aware of the hidden costs?
- Do people actually consider different options at all?

These are some of the questions we asked in our survey and found out that nearly 70% of consumers who have taken out a credit card in the last three years did not shop around at all. We also found that consumers have problems comparing financial products in general and credit cards in particular.

The research involved telephone interviews with a representative sample of over 1,200 consumers to deliver robust quantitative findings across current owners and those considering acquiring a credit card in Great Britain.

Results showed that consumers least likely to have compared cards before acquiring one were those:

- aged 65 and over
- who do not access the Internet for personal/leisure use
- who did not consider themselves well-informed about financial services or products
- in socio-economic groups D and E
- with only one credit card
- who lived in a household with income of less than £20,000
- with a disability.

This piece of research fed into OFT's wider study, which made a number of recommendations to improve consumers' ability to choose the right credit card. Along with other suggestions, OFT recommends that the FSA introduce a price comparison website for credit cards, which will – for the first time – allow consumers to choose the cheapest card for them based on their own individual spending patterns.

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