(Approx. 482 words)

Beware of Auto-Pays

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It sounds great, doesn’t it? Don’t bother sending us a check every month – put us on “auto-pay”! We will charge your credit card or get a payment from your bank account every month, so you don’t have to do anything. If you make automatic payments, you can forget about paying us! And that’s what they hope you do – forget that you ARE paying them every month!

Autopay is a convenient way to allow a company to receive regular payments from you without you having to do anything. Some examples of convenient auto-pay billing are for your internet services, TV cable providers, utility services, entertainment video providers, lawn maintenance, car insurance, home, and appliance insurance, tollway payments, and many others. In fact, almost ANY company would love to have you use autopay to pay them! And why not? If you owned a company, wouldn’t you like all your customers to use autopay?

There is nothing wrong with the convenience of autopay, but it is often TOO convenient!

With autopay, you are giving a company permission to get their payment directly from your charge card or checking account. Doesn’t this sound like a rather dangerous open-door policy? So here are my tips on the things to be careful about autopay:

1. ALWAYS check your charge card and bank statements CAREFULLY every month and make sure ALL charges are correct!!!

2. A company may be able to increase your auto-payment without notifying you. Does your contract with the company clearly state the regular payment amount?

3. If you lose your credit card or have a serious problem with your bank account, you may be given a new credit card or account number. Unfortunately, you must change all your auto-pays to the new account. This can be very troublesome, especially if a company tries to get payment from a closed account – they may cancel their service.

4. There is the danger of over-drafting your account or going over your charge account limit when paying your bills automatically. Therefore, you must ensure all your bills are always paid from accounts with sufficient funds.

5. You need to CANCEL any services you are no longer using. People have begun paying for a new service and forget to cancel the payments to the discontinued service they no longer need or want. Check your statements to ensure you are using what you are paying for.

4. Some companies may add additional charges for services or products, even if you did not order them.

Be careful to understand the advantages and dangers of using automatic payments. My bottom line: Carefully check your payments (checks, credit cards, etc.) every month to make sure your billing amounts and your payments are correct, and try not to use auto-pay unless you really need to.





