How to Prevent Sneaky Charges on Your Credit Card

Hey, remember that newsletter that let you sign up for a free trial?

Didn't think so.

How about that old domain name you registered, or your kid's gaming membership, or the magazine subscription that was initially offered as a freebie. Forgot about those too, didn't you?

Rest assured those companies didn't forget. But they are probably counting on you to do so.

That way they can keep charging your credit card, every year or every month, in perpetuity. And you may not even realize what is going on.

There is even a name for all these sneaky little ongoing fees: "Grey Charges."

"Nine out of 10 people don't check their credit-card charges carefully," says Mick Weinstein, vice president of software company BillGuard. "And even if they do, it's too time-consuming to dispute those charges. So most people simply let them go."

Such fees are not illegal, per se. But they are designed to keep you on the hook.

The result: 233 million grey charges a year, amounting to a whopping $14.3 billion dollars, according to a 2013 study by industry analysts Aite Group. That is an average charge of $61 per credit card bill.

Just ask Holly Gordon. When the healthy-living consultant from

Shawnee, Oklahoma, downloaded software called “You Need a Budget,” she started discovering all sorts of little charges she had completely forgotten about.

“I was horrified at the number of surprise subscriptions we had,” says the 47-year-old. To wit: Auto-paying for satellite radio since 2009, spending almost $200 annually, along with another $15 every month on various magazine subscriptions on Amazon’s Kindle device.

“Those pesky one-time, quarterly and annual fees just kept popping up, sending my budget into panic mode,” Gordon says.

The most common grey charge, according to the Aite Group report: “Free-to-paid,” where a free introductory period expires and a paid subscription kicks in. Those amount to more than 115 million transactions a year, at a cost of more than $6 billion.

There are plenty of other types of grey charges, too—many with frightening monikers. “Phantoms” are additional products or services tacked onto another transaction. “Zombies” are subscriptions or memberships that keep charging you, even after you have canceled them.

Review Statements

Step one for consumers is to go over your credit-card statement with a fine-tooth comb every month, instead of just blindly paying up.

“Grey charges make it even more important to scrutinize your credit card bill and really look at every charge—especially if you are on auto pay,” says Michael Schreiber, editor-in-chief and chief content officer of .

“Often people just scan and look for big charges that they don’t remember making, or just the total amount due,” Schreiber notes. “But those little charges can really add up.”

If you do discover a sketchy charge, take it up with the merchant or the credit-card issuer. Even if they don’t give you credit for past charges, at least you can nix them going forward.

Most of all, don’t think of a grey charge as a minor issue that is not worth your time. After all, even a measly $5 a month turns out to be $60 a year, which turns out to be $300 over five years.

With BillGuard’s smartphone app, you can even let its staff dispute grey charges for you. Chicagoan Zach Moss, for instance, once purchased a one-day Boingo Internet pass—and then started to get dinged $ every month. After a few smartphone taps, BillGuard challenged those charges, and Moss got refunded for three full months.

Indeed, the payoff can be major. In part because Gordon started rooting out and killing all those grey charges—think of it like weeding a garden—she and her husband now expect to be out of consumer debt by the end of the year.

“It’s so easy to put your money on auto-pilot and just zone out,” Gordon says. “But it always comes back to bite you.”