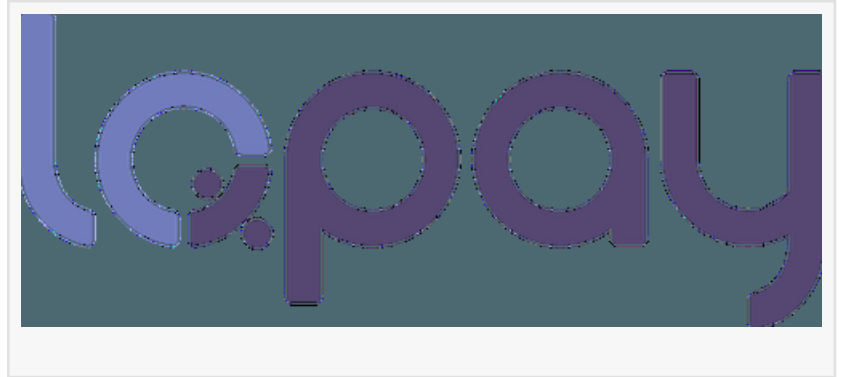


# Revealed: How millions of Americans could be unknowingly damaging their credit by making this simple mistake

LONDON, UNITED KINGDOM, June 30, 2025 /EINPresswire.com/ -- Millions of Americans may be unknowingly damaging their credit - and racking up fees - by using their credit cards like debit cards, according to one financial expert.



Richard Carter, founder of Lopay, a low-cost payment app that recently expanded to the U.S., says consumers who use credit cards to withdraw cash from ATMs are making a costly mistake that could affect their financial future.

"As a rule of thumb: don't use your credit card for cash. Ever," Carter says. "That single decision can lead to a string of fees, reduced benefits, and even damage to your credit score."

As of 2023, there are more than 500 million credit cards in circulation in the U.S. But while credit cards can offer rewards, fraud protection, and convenience, using them to access cash can backfire in several ways.

When you withdraw cash from an ATM using a credit card, you're typically charged a cash advance fee - often around 5% of the amount taken out. That \$200 cash advance could cost users an extra \$10 in fees right off the bat - and that does not include the higher interest rate that usually applies to cash advances, which often kicks in immediately, with no grace period.

Some credit card issuers also penalize repeat cash withdrawals by suspending perks. For example, American Express may restrict access to installment programs like Plan It if it detects frequent ATM usage.

And, cash advances are often seen by lenders as a red flag - signaling potential financial stress or mismanagement. That perception can lower your credit score and impact your ability to qualify for loans, mortgages, or even credit limit increases.

Instead of using your credit card for day-to-day spending or emergency cash, Carter advises reserving it for larger purchases you can pay off in full - such as travel, electronics, or major household expenses - where protections and points are most useful.

"Credit cards can be a great financial tool if used wisely," he says. "But one bad habit - like withdrawing cash - can undo the benefits and set you back in ways that aren't always obvious at first."

Carter adds: "Treat your credit card like a powerful tool, not a source of easy cash".

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