

CREDIT CARD USE AND PROTECTION FROM FRAUD



prepared by
**PETERSON AFB
LEGAL OFFICE**
(719) 556-4871



If You Use A Credit Card

If you use a credit card – and today most families have at least one – you should know about your protections under Federal Law. Specifically, you should be aware:

- How to limit your risk if your card is lost or stolen.
- What you can do if goods you buy with a credit card are unsatisfactory or damaged.
- How to resolve credit card billing disputes with creditors.
- How to figure out and compare credit card charges.

Unsolicited Credit Cards

It is illegal for a card issuer to send you a credit card unless you ask or apply for one.

Lost or Stolen Credit Cards

Your risk on lost or stolen credit cards is limited. You do not have to pay for any unauthorized charges made after you notify the card company of loss or theft of your card. So keep a list of your credit card numbers and notify card issuers immediately if your card is lost or stolen. Most card companies have a toll-free number for reporting missing or stolen cards. Some companies provide 24-hour service. By law, once you report the loss or theft, you have no further liability for unauthorized charges. Even if someone used your card before you reported it lost/stolen, your liability is capped at \$50 per card. See 15 U.S.C. § 1643.

Billing Disputes

The best advice for credit card users is to keep a copy of each receipt and compare receipts with charges when you receive your bill. If you find an error, you should attempt to settle the dispute as soon as possible. Under the Fair Credit Billing Act, the consumer has 60 days to send written notice to the credit card company of any errors on a bill.

Be sure to include your account number and an explanation of why you think the bill is incorrect. The company must acknowledge your complaint within 30 days of receiving it and must take appropriate action within 90 days or two billing cycles, whichever is later. The company is required by law either to make corrections in the bill or to investigate the complaint and explain why the consumer owes the amount billed. In cases where the consumer says he or she was billed for an item never received, it is the credit card company's duty to verify if the item was actually delivered or mailed.

If you have a complaint about your bill, the company may not close your account prior to taking the above actions and sending you a written explanation of your account. You will have at least 10 days from the time you receive the explanation to pay the disputed amount. After that time, the company can declare your account delinquent and report the information to third parties. However, the law says the company must also report that the bill is in dispute, and must give the consumer written notice if the delinquency is reported to third parties. If the dispute is later resolved, the creditor must notify the same parties of the resolution.

See the Fair Credit Billing Act, 15 USC § 1666, or consult your credit card issuer for the most up to date reporting requirements for billing disputes.

Defective Goods or Services

You may withhold payment on any damaged or defective goods or unsatisfactory services purchased with the credit card, as long as you have made an effort to solve the problem with the merchant. This right is limited if the card was a bank or travel and entertainment card (e.g., MasterCard or American Express) or any card not issued by the store where you made your purchase. In such cases, the sale:

- Must have been for more than \$50.00; and
- Must have taken place in your home state or within 100 miles of your home address.

Tips on Credit Cards

Shop around for the best terms. Remember finance charges may differ depending on the method the creditor uses to assess them. Make sure you understand all the terms of your credit card agreement before you sign. Pay bills promptly to keep up your good credit rating and to avoid high finance charges. Keep a list of all your credit card numbers in case of loss or theft, and keep a good record of your purchases and payments.

You can also contact the credit reporting agencies (Experian, Equifax and TransUnion) to add the "Active Duty Alert" to your credit. This will make opening credit in your name more difficult by requiring a third party of your choice to verify your identity when there is an attempt to open new credit.

For further information or explanation, please make a legal assistance appointment by contacting the Peterson Legal Office at 556-4871.

Sources:
<http://www.ftc.gov>

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