

FAIR CREDIT BILLING ACT



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Has the department store's computer ever billed you for merchandise you returned to the store or never received? Or has a credit card company ever charged you twice for the same item or failed to properly credit a payment made on your account? Credit billing errors do occur, and are easy to resolve if you know how to use the Fair Credit Billing Act (FCBA, 15 U.S.C 1637). Congress passed this law in 1975 to help consumers resolve disputes with creditors and to ensure fair handling of credit accounts.

Transactions Covered

The FCBA generally applies only to "open end" credit accounts. Open end accounts include credit cards, revolving charge accounts (such as department store accounts), and overdraft checking. The periodic bills, or billing statements, you receive (usually monthly) for such accounts are covered by the FCBA. The Act does not apply to a loan or credit sale which is paid according to a fixed schedule until the entire amount is paid back (ex: car or home).

Disputes Covered

The FCBA settlement procedure applies only to disputes over "billing errors" on periodic statements, such as the following:

- Charges not made by you or anyone authorized to use your account.
- Charges for the wrong amount or where the wrong date is shown.
- Charges for goods or services you did not accept or which were not delivered as agreed.
- Math errors.
- Payments or other credits, such as returns that are not shown on the statement.
- Not mailing or delivering bills to your current address (provided you give a change of address at least 20 days before the billing period ends).
- Charges for which you request an explanation or written proof of purchase.

How to Use the Settlement Procedure

When many consumers find a mistake on their bill, they pick up the phone and call the company to correct the problem. You can do this if you wish, but phoning does not trigger the legal safeguards provided under the FCBA.

To be protected under the law, you must send a separate written billing error notice to the creditor within 60 days after the first bill containing the error was mailed to you. Send the notice to the address provided on the bill for billing error notices (and not, for example, directly to the store, unless the bill says that's

where it should be sent). In your letter, you must include the following information.

- Your name and account number.
- A statement that you believe the bill contains a billing error and the dollar amount involved.
- The reasons why you believe there is a mistake.

Send it by certified mail, with a return receipt requested. That way you'll have proof of the dates of mailing and receipt. If you wish, send photocopies of sales slips or other documents, but keep the originals for your records.

What Happens While a Bill Is Being Disputed?

You may withhold payment of the amount in dispute, including the affected portions of minimum payments and finance charges, until the dispute is resolved. You are still required to pay any part of the bill which is not disputed, including finance and other charges on undisputed amounts. The creditor may not take any legal or other action to collect the amount in dispute. Your account may not be closed or restricted in any way, except that the disputed amount may be applied against your credit limit.

What About Your Credit Rating?

While a bill is being disputed, the creditor may not threaten to damage your credit rating or report you as delinquent to anyone. However, the creditor is permitted to report that you are disputing your bill.

Another federal law, the Equal Credit Opportunity Act, prohibits creditors from discriminating against credit applicants who, in good faith, exercise their rights under the FCBA. You cannot be denied credit merely because you have disputed a bill.

Sources: <https://www.ftc.gov/sites/default/files/fcb.pdf>

<http://www.consumer.ftc.gov/articles/0219-fair-credit-billing>

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