



How to Dispute Bogus Credit, Debit, and ATM Card Charges

From the Office of Minnesota Attorney General Keith Ellison

Many consumers use “plastic”—that is, credit, debit, or ATM cards—to pay for goods and services instead of cash or checks. With identity theft on the rise, citizens often wonder what their rights are if their credit, debit, or ATM card is lost or stolen. Citizens also often wonder what their rights are if they pay by “plastic” and the merchandise is not delivered or is defective.

Your rights with a credit card are different than with a debit or ATM card. With a credit card, the consumer is essentially borrowing money on a temporary basis from the credit card company. By contrast, with a debit or ATM card, the consumer is paying with their own money, much like if they were paying with cash. A financial institution’s obligations and liabilities to consumers using credit cards are governed by a federal law called the Fair Credit Billing Act (FCBA). Another federal law, the Electronic Fund Transfer Act (EFTA), governs the relationship between a financial institution and consumers using debit or ATM cards. Your rights and the financial institution’s obligations are summarized below.

Lost or Stolen Cards

The loss or theft of any card should be reported as quickly as possible. Many financial institutions have toll-free numbers and 24-hour service to deal with such emergencies. These telephone numbers are usually provided on the back of your card. Record these numbers in a secure place so that you can access them if your card is lost or stolen.

Credit Cards:

If the consumer reports a loss before the credit card is used, the consumer cannot be held responsible for any unauthorized charges. If a thief uses the card before a consumer reports that the card is missing, a consumer’s liability for unauthorized charges is limited to \$50 per card. If the loss involves the consumer’s credit card number, but not the card itself, the consumer is not liable for any unauthorized use.

Debit or ATM Cards:

A consumer’s liability for the unauthorized use of a debit or ATM card depends on how quickly the consumer reports the loss. If a loss is reported before any unauthorized use occurs, the consumer is not responsible for any unauthorized transfers. If the loss is reported after the unauthorized use occurred, the consumer’s liability will depend upon how quickly the loss was reported. If a lost card is reported within two business days, the consumer is responsible for no more than \$50. If a consumer does not report the loss within two business days after the loss is discovered, the consumer could lose as much as \$500. If a consumer does not report an unauthorized use within 60 days after receiving a bank statement that reflects the unauthorized use, the consumer faces unlimited liability for the unauthorized use.

You should always report any loss to your financial institution as quickly as possible. In some cases, your financial institution may offer greater protections than those required by federal law.

Billing Errors

Credit Cards:

To protect your rights, it is not enough to pick up the telephone and complain to the financial institution about a billing error on a credit card. A consumer must send a written notice to the financial institution to report such a billing error. The notice must reach the financial institution within 60 days after the first bill containing the error was mailed to the consumer. The notice must be sent to the address provided on the bill for billing error notices and must contain: the consumer’s name and account number; a statement that the bill contains a billing error and the dollar amount involved; and the consumer’s explanation of the mistake. The financial institution has 30 days to acknowledge receipt of the notice of the error, and must make any account adjustments (if required) or explain

in writing to the consumer why the billing was correct within two billing cycles or 90 days after receipt of the notice.

Debit or ATM Cards:

To report a billing error on a debit or ATM card, a consumer must write or telephone the financial institution within 60 days after the statement containing the error was sent. The consumer must provide his or her name and account number and must explain the error, including the nature of the error and the dollar amount and date in question. If the consumer reports the error by telephone, the financial institution may ask the consumer to send a written complaint within 10 business days. The financial institution must promptly investigate the error. If the financial institution takes more than 10 business days to complete its investigation, the financial institution is generally required to temporarily credit the amount in dispute to the consumer's account. The financial institution has no more than 45 days to complete its investigation. If the financial institution concludes that no error occurred, it must explain in writing why it believes no error occurred and must inform the consumer that it has deducted any amount credited during the investigation.

Defective or Non-delivered Goods

Credit Cards:

Disputes regarding non-delivered goods or services purchased with a credit card are handled in the same manner as credit card billing errors. With regard to defective goods or services, the credit card issuer and the merchant are equally liable for the sale. If a consumer purchases a product or service with a credit card issued or controlled by the selling merchant (for example, a department store credit card), the consumer can assert his or her right to withhold payment, as long as the consumer has made a good faith attempt to solve the problem with the merchant.

If a defective product or service is purchased with a credit card issued by an entity other than the selling merchant (for example, a credit card issued by a bank), then the consumer may assert his or her right to withhold payment if a good-faith attempt is made to resolve the problem with the merchant, the sale was for more than \$50, and the sale took place in the consumer's home state or within 100 miles of the consumer's home address.

As noted above, in some cases, banks have more generous policies than those required by federal law, so it is always in the consumer's best interest to dispute any charge for undelivered or defective products that were paid for by credit card.

Debit or ATM Cards:

Federal law does not give consumers the right to stop payments related to the purchase of defective or non-delivered products or services purchased with a debit or ATM card. In this regard, using a debit or ATM card is just like paying with cash.

For additional information or to file a complaint, contact the Minnesota Attorney General's Office as follows:

Office of Minnesota Attorney General

Keith Ellison

445 Minnesota Street, Suite 1400

St. Paul, MN 55101

(651) 296-3353 (Twin Cities Calling Area)

(800) 657-3787 (Outside the Twin Cities)

www.ag.state.mn.us