



# Gift Cards and Gift Certificates

From the Office of Minnesota Attorney General Lori Swanson

“Kay” was looking for a birthday present for a friend and decided to purchase a gift certificate for a local salon. When Kay bought the certificate, she asked if it had an expiration date or any fees. The cashier told her that the gift certificate would not expire or require any fees, but could not be replaced if it was lost or stolen.

A few days before a holiday, “Greg” had no idea what he should get his aunt. In the check-out line at a local store, Greg noticed \$25 VISA gift cards hanging on a rack. He asked the cashier if the card had an expiration date and any fees. The cashier pointed to the fine print on the back of a card, which said that a monthly fee would be deducted from the balance if the card was not used in a year, and any funds would expire after five years.

## Why the Differences?

Greg and Kay purchased gift cards and gift certificates that are governed by different state and federal laws. Although gift cards and gift certificates can be great gift ideas for friends and family, not all are the same. Knowing your rights and being mindful of the fine print can help prevent your gift card or gift certificate from expiring or having its balance consumed by fees. Before purchasing a gift card or gift certificate, you should consider the following:

## The Laws

Both state and federal law regulate the fees and expiration dates for gift cards and gift certificates.

**Minnesota law** generally prohibits the sale of a gift card/gift certificate that has an expiration date or that is subject to any type of service fee (including a dormancy fee). This law, however, has a number of exceptions that allow expiration dates or service fees, which include:

1. Cards issued by a bank or other financial institution that can be used at multiple locations, provided that the issuer discloses any expiration date and fees associated with the card. These cards will likely carry the logo of the issuing bank or a payment card network (e.g., VISA or MasterCard).
2. Those given to a consumer for loyalty, promotional, award, incentive, rebate, or similar purposes without the consumer giving any money or other tangible thing of value for the gift card or gift certificate.
3. Those sold below face value or at a volume discount to employers or to nonprofit and charitable organizations for fundraising purposes.
4. Those issued by an employer to an employee in recognition of services performed by the employee.

In Minnesota, if a gift card or gift certificate does not fit into one of these categories, it typically cannot impose an expiration date or charge any fees.

**Federal law** prohibits gift cards and gift certificates from containing expiration dates that are less than five years after the date on which the card or certificate was issued, or the date that funds were last loaded onto the gift card (whichever is later). Federal law allows a dormancy, inactivity, or service fee to be charged if:

1. There has been no activity on the card in the last 12 months;
2. The applicability of any such fee is clearly disclosed on the gift card; and
3. Not more than one such fee is charged each month.

One important exception to the federal laws is that they do *not* apply to gift cards or gift certificates issued in paper form only.

## Before Purchasing a Gift Card or Gift Certificate, Ask the Following Questions:

### Will the business close?

If you pay money for a gift card or gift certificate from a retailer that goes out of business, you will probably lose your money. As a result, take care to purchase gift cards and gift certificates from reputable merchants that you are confident will not go out of business.

### Where can the card be used?

A gift card or gift certificate issued by a particular retailer often can only be used at the retailer from which it was purchased. Some gift cards, however, can be used at many places nationwide. Make sure you are aware of your options for using the gift card or gift certificate.

### What if the card is lost or stolen?

Although you may be out of luck if a gift card or gift certificate is lost or stolen, you should ask the retailer or merchant how it deals with this type of situation if this happens to you. Can you get a replacement?

### Will there be any fees or an expiration date?

As indicated above, while most gift cards and gift certificates may not charge fees or impose expiration dates, there are some common exceptions to remember. Before you buy, take care to read any fine print or ask the merchant for details about any fees or an expiration date. It is also a good idea to provide this information to the recipient, so they can make the most of your gift.

## Know Your Rights

If you have questions or concerns about gift cards or gift certificates, or wish to file a consumer complaint, you may contact the Minnesota Attorney General's Office as follows:

### Office of Minnesota Attorney General

**Lori Swanson**

445 Minnesota Street, Suite 1400

St. Paul, MN 55101

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

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

TTY: (651) 297-7206 or (800) 366-4812

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