



# Prepaid Calling Cards

From the Office of Minnesota Attorney General Lori Swanson

People should be on guard against prepaid calling cards that use deceptive marketing and hidden fees to misrepresent the value of the calling card. Some prepaid calling card companies advertise rates that may look appealing on their face, but bury hidden fees and rate loopholes in the “fine print” of the terms and conditions. These terms and conditions are sometimes written in a way that is difficult to understand, printed in extremely small font, or not disclosed at the time of sale. Nevertheless, these hidden fees and rates can make what looks like a good deal actually a very bad deal for the consumer. The Federal Trade Commission tested one particular prepaid calling card company and found that, on average, only 45 percent of the minutes advertised were provided. Other problems may include higher charges for in-state calls, hidden “disconnection” fees, poor customer service, or cards that don’t work at all. People should exercise caution before purchasing prepaid calling cards.

## Higher Rates for In-State Calls

Some prepaid calling card companies misrepresent the number of minutes that are purchased in connection with a given card by charging varying rates depending upon the location that you call. For instance, some companies charge significantly higher rates if you make a call within Minnesota than if you were to place the same call outside of the State. Typically, the higher in-state rates are buried in the fine print of the terms and conditions and therefore a given consumer may not be aware that in-state calls will reduce the minutes at a much faster rate.

“Joseph” purchases a prepaid calling card at a local retail store that advertises 360 “minutes” at a rate of \$20. Joseph pays the \$20 and takes the card home to place a call to the Twin Cities from his rural Minnesota home. Although the call only lasts for 15 minutes, Joseph is surprised to learn at the conclusion of the call that his balance only shows 72 minutes left on the card, instead of the 345 minutes he expected to remain on the account. In other words, the company debited him almost 20 times the amount of minutes he actually used because he made a call within the state, instead of making a state-to-state call.

## Read the Fine Print

On their face, most prepaid calling cards and promotional flyers appear to disclose a flat charge (\$20 for example) for a clear-cut amount of minutes to be purchased. Frequently, however, the card or the materials include an asterisk near the number of minutes and refer the potential purchaser to review the terms and conditions, which may be disclosed on the reverse side of the card or promotional materials, or may be on the company’s website and thus not disclosed at the point-of-sale at all. In addition to higher rates for in-state calls, the terms and conditions may also include other provisions that deplete minutes through hidden fees and terms. People who consider buying prepaid calling cards should closely review the fine print of the terms and conditions and be on guard for:

- **Cell phone fees:** Higher rates for calls made to cell phones.
- **Pay phone fees:** Surcharges that are applied if you use the calling card at a pay phone.

- **Maintenance fees:** So-called “maintenance” or service fees for supposed upkeep of the calling card service.
- **Hang-up fees:** Disconnection fees that are applied each time you terminate a call.
- **Charges for Busy Signals or Dial-Time:** Minutes are charged for the amount of time you spend while the phone is ringing or when a busy signal is received, in addition to the amount of time you spend actually connected on a call to another person.
- **Toll-Free Access Charges:** Higher charges for using the toll-free access number rather than the local access number for the card.
- **Monthly Charges:** Flat fees that the calling card company charges periodically. (These may also appear as “weekly” charges, or “daily” charges that can quickly deplete your minutes.
- **Expiration Dates:** Minutes not used by a certain “expiration date” are discarded.

If you buy a prepaid calling card, study the fine print in the terms and conditions closely and make sure that you understand what you are buying. Many prepaid calling cards are not what they appear to be on their face. If the terms are confusing or appear to misrepresent the product, shop around and compare other products until you are comfortable with your purchase.

## Poor Service and Customer Response

Some prepaid calling services may be difficult to use because, when the caller attempts to use them, the access number appears to always be busy. In other cases, if the caller is able to complete the call to the intended recipient, the call may suffer from a bad connection. Some cards just flat out do not work or have PIN codes that are dysfunctional. Adding insult to injury, in many cases, consumers who face problems with a given prepaid calling card are unable to reach the company at a toll-free consumer service number because the number

listed is always busy, or the number does not exist, and are therefore unable to report or resolve such service problems with the company.

## File a Complaint

**Federal Trade Commission.** If you have a problem with a prepaid calling card file a complaint with the Federal Trade Commission as follows:

**Federal Trade Commission**  
 600 Pennsylvania Avenue NW  
 Washington, DC 20580  
 (877) FTC-HELP or (877) 382-4357  
 TTY: (866) 653-4261  
[www.ftccomplaintassistant.gov](http://www.ftccomplaintassistant.gov)

**Federal Communications Commission.** The FCC regulates interstate and international communications by radio, television, wire, satellite, and cable, and may be contacted as follows:

**Federal Communications Commission**  
 445 12th Street SW  
 Washington, D.C. 20554  
 (888) CALL-FCC or (888) 225-5322  
 TTY: (888) 835-5322  
[www.fcc.gov/complaints](http://www.fcc.gov/complaints)

For additional information, or to file a complaint, 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  
[www.ag.state.mn.us](http://www.ag.state.mn.us)