

CREDIT CARD USE AND **PROTECTION**

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The information provided in this document is meant for the sole use of Active Duty service members, retirees, their families, and those individuals eligible for legal assistance. The information is general in nature and meant only to provide a brief overview of various legal matters. Rights and responsibility vary widely according to the particular circumstances in each case. Laws can vary across states, services, and civilian jurisdictions and laws are changed from time to time. Do not rely upon the general restatements of background information presented here without discussing your specific situation with a legal professional.

CREDIT CARD USE & PROTECTION

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:

1. How to limit your risk if your card is lost or stolen.
2. What you can do if goods you buy with a credit card are unsatisfactory or damaged.
3. How to resolve credit card billing disputes with creditors.
4. 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 for or apply for one. However, a card issuer may send you, without your request, a new card to replace an expired one. You may also be sent an application for a card in the mail or be asked to apply by phone.

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. The most you will have to pay for unauthorized charges after notification is \$50.00 on each card - even if someone runs up several hundred dollars worth of charges before you report a card missing.

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.

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. 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 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 United States Code §1666, or consult your credit card issuer for the most up to date reporting requirements for billing disputes.

How To Guard Against Credit And Charge Card Fraud

To protect yourself against fraud involving your credit card, you should take the following precautions:

- Sign your new cards as soon as they arrive.
- Carry your cards separately from your wallet.
- Keep a record of your card numbers, their expiration dates, and the phone number and address of each company in a secure place.
- Keep your card in view, whenever you can, after you give it to a clerk.
- Retrieve your card promptly after using it.
- Avoid signing a blank receipt whenever possible.
- Draw a line through blank spaces above the total when you sign card receipts.

- Void or destroy all carbons and incorrect receipts.
- Save your card receipts to compare with your billing statements.
- Open billing statements promptly and reconcile your card accounts each month, just as you would your checking account.
- Report promptly and in writing any questionable charges to the card issuer.
- Notify card companies in advance of a change of address.

In addition, here are some things you should not do:

- Never lend your card(s) to anyone.
- Never leave your cards or receipts lying around.
- Never put your card number on a postcard or on the outside of an envelope.
- Never give your number over the phone unless you are initiating a transaction with a company you know is reputable. If you have questions about a company, check with your local Consumer Protection Office or Better Business Bureau before ordering.

Prompt Credit For Payments

If you can avoid finance charges on your credit card account by paying within a certain time, it is obviously important that you get your bills, and get credit for paying them, promptly. Check your statements to make sure your creditor follows these rules:

Prompt billing. Look at the date on the postmark. If your account is one on which no finance charge is added before a certain due date, then creditors must mail their statements at least 14 days before payment is due.

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. For further information or explanation, please make a legal assistance appointment by contacting the Buckley Legal Office at (720) 847-6444 or DSN 847-6444.