The cost of credit and charge card fraud to cardholders and to card companies alike may be as high as $500 million a year. Everyone pays for credit and charge card fraud in higher prices, whether or not they are personally defrauded.

While theft is the most obvious form of credit and charge card fraud, it is not the only way fraud occurs. A more subtle form of fraud is “misappropriation" the use of your card number (not the card itself) without your permission. Misappropriation may occur in a variety of ways. Here are some examples:

1. A phone caller says that you need only provide your card number and its expiration date to qualify for a special discount vacation.
2. A thief rifles through trash to find discarded receipts or carbons to use the card numbers illegally.
3. A dishonest clerk makes an extra imprint from your credit or charge card for his or her personal use.

**How to guard against credit and charge card fraud**

Here are some suggested precautions you can take to help protect yourself against credit and charge card fraud. You may also want to instruct any other person who is authorized to use your account to take these same precautions.

1. Sign your new cards as soon as they arrive.
2. Carry your cards separately from your wallet.
3. Keep a record of your card numbers, their expiration dates, and the phone number and address of each company in a secure place.
4. Keep your card in view, whenever you can, after you give it to a clerk. Retrieve your card promptly after using it.
5. Avoid signing a blank receipt, whenever possible. Draw a line through blank spaces above the total when you sign card receipts.
6. Void or destroy all carbons and incorrect receipts.
7. Save your card receipts to compare with your billing statements.
8. Open billing statements promptly and reconcile your card accounts each month, just as you would your checking account.
9. Report promptly and in writing any questionable charges to the card issuer.
10. Notify card companies in advance of a change of address.

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

1. Never lend your card(s) to anyone.
2. Never leave your cards or receipts lying around.
3. Never put your card number on a postcard or on the outside of an envelope.
4. 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 the company, check with the Colorado Consumer Protection Office (Colorado Office of the Attorney General), call 1-800-222-4444 or Better Business Bureau, call 303-758-2100 before ordering.

**What to Do if Your Cards Are Lost or Stolen**

If your credit or charge cards are lost or stolen, call the issuer(s) immediately. Most card companies have a toll-free number to report missing cards and most companies provide 24-hour service. By law, once you report the loss or theft, you have no further liability for unauthorized charges. In any event, your maximum liability under federal law is $50 per card.

Consider a credit card company that has a policy of telephoning the cardholders when transactions exceed a determined limit – for example $2,000.00 in one day. Also, some companies offer credit cards with a picture of the cardholder, making it difficult to use by someone other than the cardholder.

**What to do about fraud or suspected billing problems**

If you suspect that someone has illegally used your account number, send the card issuer a letter that includes your name, account number(s), and the charges that you question with your reasons. You must direct your letter to the "billing error address" provided on your statement, and it must reach the creditor within 60 days after the first bill containing the error was mailed to you. If you send your letter by certified mail, with a return receipt requested, you will have proof that the letter was received.

If you decide to call the card issuer for faster action, use the special numbers that many card issuers list on their billing statements, but follow up your phone call with a letter. Only a letter protects your rights under the Fair Credit Billing Act.

The card issuer must acknowledge receipt of your letter or correct the error within 30 days or, they must investigate and either correct the mistake or justify the charges within two billing cycles or 90 days, whichever is less. You may be asked to sign a statement under oath that you did not make the purchases in question.

For more information about your credit rights, contact the Buckley Legal Office at 720-847-6444 or the Federal Trade Commission (http://www.ftc.gov).