

Lost or Stolen: Credit and ATM Cards

A joint production of the Federal Trade Commission and Citibank N.A.

Increasingly, people find it convenient to shop with credit cards or to bank at automated teller machines (ATMs) with ATM cards. But the ease with which these cards can be used also makes them very attractive to thieves.

Loss or theft of credit and ATM cards is a serious consumer problem. However, two federal laws, the Fair Credit Billing Act (FCBA) and the Electronic Fund Transfer Act (EFTA), establish procedures for you and your creditors to follow to resolve problems with credit cards and electronic fund transfer accounts. This brochure explains what to do if any of your cards are missing or stolen, suggests how to protect your cards, and explains what you can expect from a credit card registration or protection service.

Limiting Your Financial Loss

There are at least two good financial reasons for you to report the loss or theft of your credit and ATM cards quickly. First, the sooner you report the loss, the more likely you will limit your liability if someone uses your card without your permission. Most card fraud occurs within the first 48 hours after a card is stolen.

Second, the sooner you report any loss, the more card costs in general can be kept down. You pay higher interest rates and annual fees because card fraud costs issuers hundreds of millions of dollars each year.

If any of your cards are missing or stolen, report the loss as soon as possible to your card issuers. Some companies have toll-free or WATS numbers printed on their statements and 24-hour service to accept such emergency information. For your own protection, you should follow up your phone calls with a letter to each card issuer. The letter should give your card number, say when your card was missing, and mention the date you called in the loss.

You may wish to check your homeowner's insurance policy to see if it covers your liability for card thefts. If not, some insurance companies will allow you to change your current policy to include protection for card losses.

Credit Card Loss. If you report the loss before these cards are used, the FCBA says the card issuer cannot hold you responsible for any unauthorized charges. If a thief uses your cards before you report them missing, the most you will owe for unauthorized charges on each card is \$50. This is true even if a thief is able to use your credit card at an ATM machine to access your credit card account.

However, it is not enough simply to report your credit card loss. After the card loss, review your billing statements carefully. If your statements show any charges not made by you, send a letter to the card issuer describing each questionable charge on your

account. Again, tell the card issuer the date your card was lost or stolen and when you reported it to them. Be sure to send the letter to the address provided for billing errors. Do not send it with a payment or to the address where you send your payments unless you are directed to do so.

ATM Card Loss. If you report an ATM card missing before it is used without your permission, the EFTA says the card issuer cannot hold you responsible for any unauthorized withdrawals. If unauthorized use occurs before you report it, the amount you can be held responsible for depends upon how quickly you report the loss to the card issuer. For example, if you report the loss within two business days after you realize your card is missing, you will not be responsible for more than \$50 for unauthorized use.

However, you could lose as much as \$500 because of an unauthorized withdrawal from your bank account if you do not tell the card issuer within the two business days after you discover the loss. And, you risk unlimited loss if, within 60 days after your bank statement is mailed to you, you do not report an unauthorized transfer or withdrawal. That means you could lose all the money in your bank account and the unused portion of your maximum line of credit established for overdrafts.

If any unauthorized transactions appear on your bank statement, report them to the card issuer as soon as you can. As with a credit card, once you have reported the loss of your ATM card you cannot be held liable for additional amounts, even if more unauthorized transactions are made.

Protecting Your Cards

The best protections against card fraud, of course, are to know where your cards are at all times and to keep them secure. For ATM card protection, it is important to keep your Personal Identification Number (PIN) a secret. Memorize this number. Statistics show that in one-third of ATM card frauds, cardholders wrote their PINS on their ATM cards or on slips of paper they kept with their cards.

The following suggestions may help you protect your credit and ATM card accounts.

For credit cards:

Be cautious about disclosing your account number over the phone unless you know you are dealing with a reputable company.

Never put your account number on the outside of an envelope or on a postcard.

Draw a line through blank spaces on charge slips above the total so the amount cannot be changed.

Do not sign a blank charge slip unless absolutely necessary.

Rip up carbons from the charge slip and save your receipts to check against your monthly billing statements.

Open billing statements promptly and compare them with your receipts. If there are any mistakes or differences, report them as soon as possible to the special address listed on the billing statement for "billing inquiries." Under the FCBA, the card issuer must investigate billing errors if you report them within 60 days of the date your card issuer mailed you the statement.

Keep in a safe place (away from where you keep your cards) a record of your card numbers, expiration dates, and the telephone numbers of each credit-card company for the emergency of reporting losses.

Carry only those cards that you regularly need, especially when traveling.

For ATM cards:

Select a PIN (personal identification number) that is different from other numbers noted in your wallet, such as your address, birthdate, phone, or social security number.

Memorize your PIN.

Do not write your PIN on your ATM card or carry your PIN in your wallet or purse.

Never put your PIN on the outside of a deposit slip, an envelope, or on a postcard.

Examine all ATM receipts and bank statements as soon as possible.

Buying a Card Registration Service

Many companies offer card registration and protection services that will notify all companies where you have credit and ATM card accounts in case your card is lost or stolen. With this service, you need make only one phone call to report all card losses instead of calling each card issuer individually. Also, most services will request replacement cards on your behalf. Registration services usually cost \$10 to \$35 yearly.

Purchasing a card registration may be a convenience to you, but it is not required by card issuers. The FCBA and the EFTA give you the right to contact credit card companies and ATM card issuers directly in the event of loss or suspected unauthorized use.

If you do decide to buy a registration service, compare offers and look for one that will best suit your needs. Read the service contract carefully to check the company's obligations and your liability. For example, will the company reimburse you if it fails to notify charge card loss promptly after you report the loss? If not, you could be liable for unauthorized charges.

For More Information

For additional information about credit or ATM card fraud or credit card billing problems, send for: Credit and Charge Card Fraud; Fair Credit Billing; or Credit Billing Blues. These brochures are available free. Write to: Public Reference, Federal Trade Commission, Washington, D.C. 20580. The following federal agencies are responsible for enforcing federal laws that govern credit and ATM card transactions.

Questions concerning a particular card issuer should be directed to the enforcement agency responsible for that issuer.

State Member Banks of the Federal Reserve System Consumer and Community Affairs Board of Governors of the Federal Reserve System 20th & C Sts., N.W. Washington, D.C. 20551 National Banks Comptroller of the Currency Compliance Management Mail Stop 7-5 Washington, D.C. 20219

Federal Credit Unions National Credit Union Administration 1776 G St., N.W. Washington, D.C. 20456

Non-Member Federally Insured Banks Office of Consumer Programs Federal Deposit Insurance Corporation 550 Seventeenth St., N.W. Washington, D.C. 20429

Federally Insured Savings and Loans, and Federally Chartered State Banks Consumer Affairs Program Office of Thrift Supervision 1700 G St., N.W. Washington, D.C. 20552

Other Credit Card Issuers (includes retail/gasoline companies) Division of Credit Practices Bureau of Consumer Protection Federal Trade Commission Washington, D.C. 20580