

## Your Credit Card Rights

If you've ever been hassled by the credit department's computer, you'll be pleased to learn about the rights that you have when you think that your bill is wrong.

*The Fair Credit Billing Act* establishes procedures for resolving billing errors on your credit card and is an addition to the Truth in Lending law. This brochure explains how to resolve a billing dispute in a way that protects your credit rating

### Billing Errors

You may challenge either the purchase or the price of an item that appears on your billing statement. The law defines an error as any charge:

- Not made either by you or someone authorized to use your account.
- Poorly identified, for a different amount or on a different date than is shown on the statement.
- Made for something that you did not accept on delivery or that was not delivered according to agreement.

Billing errors also include:

- Failure to credit your account properly.
- Computational or accounting mistakes.
- Failure to mail your statement to your current address, provided you notified the creditor of your address change, in writing, at least 20 days before the billing period ended.

A request for additional information or an explanation about a questionable item is also considered a billing error.

### When an Error Occurs

If you think your bill is wrong or want more information about it, follow these steps:

1. Notify the creditor in writing within 60 days after the bill was mailed. Be sure to include:
  - ✓ Your name and address.
  - ✓ A statement that you believe the bill contains an error and an explanation of why you believe there is an error.
  - ✓ The suspected amount of the error.
2. While you are waiting for an answer, you do not have to pay the amount in question (the "disputed amount") or any minimum payments or finance charges that apply to it. But you are still obligated to pay all parts of the bill that are not in dispute.
3. The creditor must acknowledge your letter within 30 days, unless your bill is corrected before then. Within two billing periods, but in no case more than 90 days, your account must either be corrected or you must be told why the creditor believes the bill is correct.
4. If the creditor made a mistake, you do not pay any finance charges on the disputed amount. Your account must be corrected for either the full amount in dispute, or for the part of the amount that was in error.

If no error is found, the creditor must also notify you promptly of when payment is due and how much you owe. In this case, the amount may include any finance charges accumulated and any minimum payments you missed while you were questioning your bill.

### Defective Merchandise or Services

The law provides that you may withhold payment of any balance due on defective merchandise or services purchased with a credit card, provided you have made a good faith effort to return the goods or resolve the problem with the merchant from whom you made the purchase.

If the store that honored the credit card was not also the issuer of the card, two limitations apply to this right:

- *The original amount of the purchase must have exceeded \$50; and*
- *the sale must have taken place in your state or within 100 miles of your current address.*

In the case of defective merchandise or services, a legal action may result to determine the validity of your claim.

### Your Credit Rating

Once you have written about a possible error, the creditor may not report you as delinquent to other creditors or credit bureaus or threaten to damage your credit rating because you are not paying the disputed amount. Until your letter is answered, the creditor also may not take any collection action on the disputed amount, or restrict your account because of the dispute. A creditor can, however, apply the disputed amount against your credit limit.

But, after the bill has been explained, and if you still disagree in writing within 10 days (or within the time you usually have to pay your bill before the creditor may impose additional finance or other charges) and do not pay, the creditor can report you as delinquent on your account and begin collection proceedings. If this is done, the creditor must also report that you challenge your bill, and you must be provided in writing the name and address of each person to whom your credit information has been given. When the matter is settled, the creditor must report the outcome to each person who received information about you.

### Penalties and Other Provisions

The law provides that any creditor who fails to comply with the rules applying to billing errors and credit ratings automatically forfeits the amount of the item in question and any finance charges on it,

up to a total of \$50, even if no error occurred. You as an individual may also sue for actual damages plus twice the amount of any finance charges, in any case not less than \$100 or more than \$1,000. Class action suites are also permitted.

The law also includes requirements for prompt reporting and crediting of payments or returns of merchandise. In addition, it provides that credit card issuers may not prohibit stores, which honor their cards, from offering discounts to customers who pay in cash or by check.

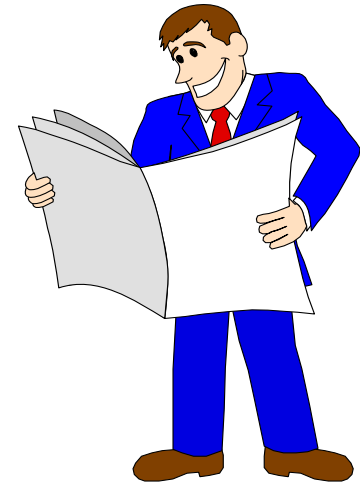
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