

Daily Union Article
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Credit Card Fraud
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Summer months often bring an increase in travel and thus an increase in family spending. To avoid carrying large amounts of cash, vacationers rely on credit and debit cards to pay for travel expenses. Consequently, consumers become more vulnerable to their credit cards being stolen, misplaced or having the card numbers lifted and used for a future transaction.

Debit, credit, and other plastic cards may all look the same. However, the financial liability the consumer carries for their use varies significantly and the way they draw on financial resources varies as well.

If you are using your ATM or bank card to pay for a monthly expense, such as your phone bill, the amount will vary. This flexible expense could be drafted from your account when your balance is too low, causing you to be charged for insufficient funds. Another risk of using a debit card is that they offer less legal protection should they be stolen or lost. Since debit cards access your account directly, you will be without the money spent until you and your bank work through the details of the fraudulent use. The entire balance in the account connected to the debit card can be wiped out before the card is cancelled.

Two pieces of legislation that provides consumers with protection in the event of a lost or stolen credit, ATM, or debit card. They are the: 1) Fair Credit Billing Act (FCBA) and 2) Electronic Fund Transfer Act (EFTA).

The FCBA protects consumers by limiting their liability to unauthorized use of their credit card to \$50. If the loss/theft is reported before it is used, the FCBA provides that the consumer is not responsible for ANY charges they didn't authorize. Additionally, if a credit card number is stolen, but not the card, the consumer is not liable for unauthorized use.

If a consumer reports an ATM or debit card missing before someone uses it, the EFTA says the consumer is not responsible for any unauthorized transaction.

In a publication titled "Lost or Stolen Credit, ATM, and Debit Cards", the U.S. Federal Trade Commission explains that the amount of loss the consumer is responsible for depends on how quickly they report it:

If you report:	Your maximum loss:
Before any unauthorized charges are made.	\$0

Within 2 business days after you learn about the loss or theft.	\$50
More than 2 business days after you learn about the loss of theft, but less than 60 calendar days after your statement is sent to you.	\$500
More than 60 calendar days after your statement is sent to you.	All the money taken from your ATM/debit card account, and possibly more; for example, money in accounts linked to your debit account.

Consumers should take action immediately when they realize that their card has been lost, stolen, or the card number has been compromised in any way. Following these steps in a timely manner can save them a lot of money and time:

- 1) Report the loss or theft as soon as possible. Call the issuer of the card to make the report. The phone numbers for these calls can be found on a previous bill or on their website.
- 2) Follow up with a letter or email. This will help document the time and date the lost or stolen card was reported. Include the account number, date, and time the card was noted as missing and when it was reported via phone.
- 3) Review the monthly statement closely to identify any unauthorized transactions. These transactions need reported to the card issuer, as well.
- 4) The consumer should check their homeowner's or renter's insurance policy to see if it covers liability for card thefts.
- 5) Update and record any correspondence that transpires related to the fraudulent use.

Thieves continue to find ways to fraudulently access and use credit cards and ATM/debit cards. The FTC offers these suggestions to help consumers reduce their risk of theft and/or fraudulent use of a credit, debit, or ATM card:

Never give out payment card numbers in response to an unsolicited e-mail, text message or phone call, no matter who the source supposedly is. Even when an "urgent" plea comes via email or text message, a consumer should not be drawn in to this common trap.

Take precautions at the checkout counter, ATM, and gas pump. Thieves can slip plastic sleeves inside a card slot to gain access to names and account information. Consumers should carefully look over area where cards are swiped to insure it has not been tampered. If it looks suspicious, don't use the reader and report it to the attendant or business .

Use caution when paying with a card at a restaurant or retail establishment. Whoever is swiping the card may run it through two devices so that the second device can record your account number for fraudulent use.

Closely monitor bank statements and credit card bills. As noted previously in this article, timing is everything. Consumers need to be attentive to their billing statements and transaction registers. The sooner an unauthorized transaction is recognized, the better protection they have against a substantial financial loss.

Periodically review your credit reports for warning signs of fraudulent activity. Consumers are entitled to at least one free credit report every 12 months from each of the nation's three major credit bureaus. To request your free report, go to www.AnnualCreditReport.com or call toll-free 1-877-322-8228.

For more information on how to protect against consumer fraud and other resource management concerns, contact me at the Geary County K-State Research and Extension office at 785-238-4161. Until next time, keep living resourcefully!