

Credit Card Theft and Fraud

The material in this handout represents general legal principles. The law is continually changing; although the information in the handout was current as of the date it was drafted, some provisions in this pamphlet may have changed. It is always best to consult an attorney about your legal rights and responsibilities regarding your case.



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.

What is Credit Card Theft and Fraud?

Credit card fraud occurs when unauthorized users make purchases or make cash advances on your credit account. Frequently, unauthorized users obtain credit card information through theft of your credit card, account numbers, and PIN numbers. 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:

- An unauthorized person can obtain your personal and account information by misleading you with scams. For example, a phone caller says that you need only provide your card number and its expiration date to qualify for a special discount vacation.
- An unauthorized user can physically steal your account information and impersonate you. For example, a thief rifles through trash to find discarded receipts or carbons to use the card numbers illegally.

- Take the cards out of your mailbox and sign your new cards as soon as they arrive.
- 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, and regularly monitor your credit reports online.
- Report promptly and in writing any questionable charges to the card issuer.
- Notify card companies in advance of a change of address.
- Sign up for card alerts and paperless statements.

- Report lost and stolen cards immediately.

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, email, or text 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.

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 for reporting missing cards. Some companies provide 24-hour service. By law, once you report the loss or theft, you have no further liability for unauthorized charges. Be sure to review all recent transactions with the credit card issuer to make sure that no one has used your card. The issuer should cancel your account, set up a new account, and mail you a new card. Replacing your credit card will not affect your credit score. Make note of your old account number, the date your card went missing, and when you reported the card missing for your own records.

What To Do About Suspected Fraud or Billing Problems

If you suspect that someone has illegally used your account number, contact the card issuer through the toll-free number or 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. Under the Fair Credit Billing Act, you will not be charged for any authorized use of your credit card if you reported your card lost or stolen before the charges are made. For more information about your credit rights, contact your Legal Assistance Office or the Federal Trade Commission.

Reporting Credit Card Fraud

Your Legal Assistance Office may direct you to contact a credit agency (either Equifax, Experian, and TransUnion) to arrange a fraud alert and a credit freeze. A fraud alert instructs creditors to verify the person's identity before opening new credit accounts. The credit freeze blocks access to your credit report until the freeze is removed.

Your Legal Assistance Office may also direct you to make an Identity Theft Report with the Federal Trade Commission. This complaint makes it easier to contest unauthorized charges. For more information about your rights and obligations of credit agencies make sure to speak with a member of your Legal Assistance Office.

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