

CONSUMER ADVISORY

May 2014

By Attorney General Tom Miller

Unauthorized Charges & “Free Trial” Offers

If you’ve ever discovered that someone billed your credit card account for something that you didn’t order, the bad news is that you may have a little work to do to clear it up, but the good news is that at least you checked your monthly statement and you caught the problem.

The Fair Credit Billing Act (FCBA) protects consumers from unfair and fraudulent charges on “open end” credit accounts, such as credit cards, and revolving charge accounts, such as retail store accounts. The law does not apply to debit cards or more traditional loans. The FCBA gives you the right to dispute credit card charges that are incorrect; charges that you didn’t authorize; charges for goods or services that you didn’t receive or accept; and charges for goods or services that were not delivered as agreed or as promised (disputes about the quality of goods and services are not considered billing errors). You also have the right to dispute a failure to post payments and other credits (such as returns), and a failure to send bills to your current address.

Always check your monthly credit card and debit card statements, and dispute unauthorized or fraudulent charges as soon as possible.

Disputing an unauthorized credit card charge or billing error:

- Report the disputed charge immediately to your card issuer, especially if the issuer operates a 24-hour customer service number.
- Even if you reported the incident by phone or via the Internet, send a letter to the creditor (send it to the address for billing inquiries, not the payment processing address). Include your account number, your full name, mailing address, a description of your dispute and copies of relevant receipts or documentation. Make a copy of your letter. Save that copy and your original receipts and documents.
- Send your letter via certified mail, and request a return receipt. Make sure that the creditor receives your letter within 60 days after the first bill that included the unauthorized charge was mailed to you.
- Continue paying for any other charges on your bill that you don’t dispute (including finance charges on the undisputed amount), but you may withhold payment on the disputed charge and other charges related to the disputed amount.
- The creditor must acknowledge your complaint in writing within 30 days after receiving it. The creditor must resolve the dispute within two billing cycles of receiving your letter, or within 90 days.
- During the dispute, the creditor may not threaten your credit rating, report you as delinquent, or take legal or collection action against you.
- If there’s an error, the creditor must explain the error and remedy in writing, credit your account, and remove any fees or charges related to the error. If the creditor agrees the charge was unauthorized, you won’t have to pay more than \$50.
- If there’s not an error, the creditor must explain it in writing. You will be responsible for the disputed charge, plus any finance charges. However, you still may file a complaint with the Attorney General’s Office about the charge.

“Free trial” offers

Many “free trial” offers result in ongoing charges on your credit card bills because you didn’t realize that you had to cancel the offer within a certain number of days. And, in many cases, you may not have explicitly approved the charges or even provided a credit card number, which may have come from another company with which you did business.

If you discover you’re being charged for something you didn’t authorize, contact the company directly and ask that they remove any charges. Follow up with your credit card company to dispute the charges or to ensure that they’re removed.