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Consumer Advisory Bulletin

"Credit Card Protection Plans" -- Paying for What You Can Do for Free?

Have you received mailings or telemarketing calls trying to sell you a "credit card protection" plan? They promise to "insure" you against unauthorized charges and to notify your card issuers if your credit cards are lost or stolen.

That might sound sensible and reasonable at first blush. BUT, there very often are problems with such offers -- problems that make them worthless or even fraudulent:

First, the solicitations often contain serious misrepresentations -- such as falsely claiming that they are calling on behalf of your credit card company, or exaggerating the amount of money you could owe if your cards are lost or stolen. Second, the solicitations may try to sell you expensive "protection" you may not need at all (it can cost \$50 to \$300.) Third, some "credit protection" outfits may sign you up -- and bill your credit card -- even if you refuse their offer. Older Iowans often are victims of such schemes.

Here is a crucial fact: Federal law provides that, if you report a lost card before it is used, you are not liable for ANY amount charged by others, and your MAXIMUM liability is only \$50, even if unauthorized charges aren't discovered until your statement arrives. Credit protection plans will rarely tell you that fact!

Consumer Tips on "Credit Card Protection" Plans:

- Be skeptical of claims that you need a credit card protection plan.
- Remember, your maximum liability is \$50 per card, and zero if you report lost or stolen cards immediately. It probably doesn't make sense to buy most "protection" plans.
- Make your own "registry" of your cards and keep it in a separate, safe place. Your monthly statements list 800-numbers to call. If you are concerned about losing cards while traveling, leave your personal list with a trusted friend at home.
- Study your credit card billing every month to be sure there are no unauthorized charges -- including for so-called protection services! Dispute any unauthorized charges (pay the total minus the amount for disputed charges.)
- Remember: it's never a good idea to give out your credit card number or other personal information if someone calls you "out of the blue." You run the risk of an unscrupulous company or employee using the information to steal from you.

If you have a complaint or would like more information, please write to the Consumer Protection Div., Hoover Bldg., Des Moines, IA 50319, or call 515-281-5926.

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