



## **Credit Card Billing Rights**

*Q.) What can I do if there is a mistake on my credit card statement?*

A.) You have the right to challenge mistakes on your credit card billing statement under a federal law called the Fair Credit Billing Act. The law applies to “open end” credit accounts like Mastercard and Visa. It also applies to “revolving charge accounts,” which are charge accounts issued by a department store, like Kohl’s or Target.

*Q.) What types of mistakes can be challenged?*

A.) The Fair Credit Billing Act applies to billing disputes. Some examples of billing disputes include:

- unauthorized charges [federal law limits your liability for unauthorized charges to \$50 if you report them quickly];
- charges that list the wrong date or amount;
- charges for items you didn’t accept or that were not delivered as promised;
- math errors;
- failure to credit payments you made or to apply credit for items that were returned;
- failure to send bills to your current address as long as the creditor received a change of address from you at least 20 days before your billing period ended;
- charges that you question. You can ask for additional information on the charge or request written proof that you made the purchase.

*Q.) What do I have to do to challenge a mistake?*

You must write to the creditor at the address given for billing inquiries. You will usually find this address on the back of your credit card statement under “billing disputes” or “billing inquiries.” Do not send your letter to the address for payments and do not just write your complaint or question on your billing statement and send that in with your payment. You must send your letter so it gets to the creditor within 60 days of the time you first get a bill that has a mistake on it. You can lose your rights if you don’t act quickly! Check your billing statements as soon as you receive them and challenge any mistakes right away.

*Q.) What should my letter say?*

A.) You need to tell the creditor that there is a billing error on your statement. Tell them what the mistake is, the amount that is wrong, and the date of the charge you question. If you need more information about a charge, ask for any proof the creditor has that you made the purchase. You must include your name, address and account number in your letter. You should also send copies (not originals) of any receipts, sales slips or other documents that support your claim. It is a good idea to send the letter by certified mail and to get a receipt to prove the creditor got your complaint. You should also date your letter and keep a copy for your own records.

*Q.) What happens when I dispute my bill?*

A.) The creditor must send you a letter telling you that they got your complaint within 30 days of receiving it. They don't have to send you a letter if the problem has already been fixed. The creditor then has to resolve the problem within 2 billing cycles. This cannot be more than 90 days after they first get your complaint.

*Q.) What happens while the creditor is looking into my complaint?*

A.) You do not have to make any payments on the part of the bill that you question, including any finance charges on that part of the bill. You still have to make payments on any amounts that are not in dispute. For example, if you have a bill for \$500 and dispute a \$100 charge, you still have to make payments on the \$400 that is not in dispute. The creditor cannot take action to try and collect the disputed amount while it is being investigated. They cannot close or restrict your account because you question your bill. However, they can count the disputed portion if you have a credit limit. The creditor cannot report you as delinquent or threaten your credit rating while your bill is in dispute. The creditor can report that you dispute your bill. However, federal law says that you cannot be denied credit simply because you have disputed a bill.

*Q.) What happens after the investigation?*

A.) If your bill has a mistake, the creditor must tell you in writing what they will do to correct the error. They must credit your account and remove any finance charges or late fees related to the mistake. If they determine that you owe part of the amount in dispute they must explain that in writing. You can ask for copies of the documents that show you do owe some of the money. If the creditor decides the bill is correct they must tell you, in writing, how much you owe and why. You can ask for copies of any documents they have that show you owe the money. Once they tell you that you owe the disputed amount you must start making payments on that amount. You can write to the creditor if you disagree with the results of their investigation. You must do that within 10 days of getting their letter that explains their decision on the dispute. However, the creditor can take action to collect from you after they have completed their investigation. The creditor can also report you as delinquent at this time but must state that you think that you don't owe the money.

*Q.) What happens if the creditor doesn't follow the rules?*

A.) The creditor cannot collect the amount in dispute, or any related finance charges (limited to \$50) if they do not follow the rules laid out above for investigations of disputed debts. This is true even if it turns out that you really do owe the debt. The penalty applies if they fail to meet the time deadlines to investigate and respond to you. It also applies if they threaten to report, or improperly report any disputed amount during the investigation period.

Updated: 11-2018

*This article is funded in part by  
the Metropolitan Area Agency on Aging under the Older Americans Act.*

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