

# CONSUMER'S EDGE

CONSUMER PROTECTION DIVISION, MARYLAND OFFICE OF THE ATTORNEY GENERAL

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## GIFT CARDS

Gift certificates and gift cards are a popular gift-giving option. Gift cards make the gift buying process less stressful for the gift-giver, and the recipient can use them to purchase something that suits them. As easy and stress-free as they may seem, some consumers have unhappily discovered that gift cards can deliver unexpected issues and drawbacks.

Some buyers have discovered that the gift card they purchased was not activated, had already been used, or was a scam used to obtain their personal information. Some recipients find that their gift cards can only be used at the retail store, not online. Others are disappointed to find out that if the items they purchase with the card cost less than the amount on the card, the remainder is not refunded as cash (this varies by state, so it may pay to ask the retailer their cash-back policy).

Prior to the passage of state and federal laws, some gift card recipients experienced problems in the form of fees and expiration dates. Maryland law and the federal Credit Card Accountability Responsibility and Disclosure (CARD) Act both require that expiration dates and fees are clearly indicated on the gift card or its packaging. It is still recommended that both the buyer and the recipient be mindful of any expiration dates and/or fees that come with the card.

### WHAT YOU SHOULD KNOW

#### Store-Specific Gift Cards

Store-specific gift certificates or cards are those that may be used to buy merchandise only from a particular store and its affiliates. Under Maryland law, store-specific gift cards may not expire for at least four years after the date of purchase, and the issuer may not impose fees or charges of any kind during that four-year period. Federal legislation stretches expiration protection to five years; however, consumers may be charged fees during this fifth year and any year thereafter.

Any terms or conditions concerning an expiration date or fee must be printed clearly in a visible place on the



front or back of the card, on a sticker permanently affixed to the gift card, or on an envelope containing the gift card. Typical fees include service charges, fees for inactivity, maintenance fees, and reload fees. These fees cannot be charged more than once a month, and require that there is at least one year of inactivity on the card prior to being initially assessed.

It is also important to note that these terms and conditions **may not** be changed after the date of purchase or issuance unless the change benefits the consumer.



### Gift Cards Issued by Banks or General Purpose Cards

Gift cards issued by banks are cards that are processed through a national credit or debit card service, such as Discover, MasterCard, or Visa. These cards can be used to purchase goods or services from unaffiliated stores. Although the advantage of these cards is their flexibility—they can be used in most stores—they do not always have the same protections as store-specific cards. If the cards are reloadable, these cards are not limited by law as to how long they must be in effect. The law only requires that the expiration date be clearly disclosed, as well as all fees, including service fees, dormancy fees, account maintenance fees, cash-out fees, gift card replacement fees, activation and reactivation fees, and fees for online and phone orders. If the card is not reloadable, the Credit CARD Act prevents expiration in less than five years, but fees may still apply once a month if there has been at least one year of inactivity on the gift certificate or card.

### HERE ARE SOME TIPS WHEN PURCHASING GIFT CARDS:

- Ask questions. When purchasing any gift certificate or gift card, read the disclosures and ask questions so you know all the terms and conditions, including the expiration date and all fees that may apply.
- Purchase gift cards only from reputable sources. Cards sold by individuals or at auction sites often turn out to be stolen or counterfeit. Purchasing gift cards directly from the store is a better option. You can always check out a business by calling the Consumer Protection Division at 410-528-8662 or 1-888-743-0023. In addition, you may check with the Better Business Bureau by visiting <https://www.bbb.org/local-bbb/bbb-of-greater-maryland>.
- Be wary of FREE gift card offers. Pop-up ads, text messages, emails, or social media posts offering free gift cards could be scams attempting to steal your personal information, release malware into your computer, or otherwise get you to disclose your financial information (like a credit card number).
- Encourage immediate use. Especially if the gift card is redeemable at a small business, encourage the recipient to use a store-specific gift card sooner rather than later—you never know when a business may close, potentially leaving the recipient empty-handed!

- Check on purchase exceptions. Can the recipient use a store-specific gift card at either the physical store or the store's website? Are there any catches for general purpose gift cards? Reading the fine print can help answer these questions.
- Treat your gift card like cash. Keep your card in a safe place. If your card is lost or stolen, generally, you are out of luck. Some retail chains will issue a new card, but others won't. Some general purpose gift cards can be replaced, but often for a fee.
- Proof of Purchase. Keep the receipt in case something is wrong with the card.
- Be wary of gift card scams. Examine the card for any signs of tampering. Crooks sometimes copy numbers from cards accessible to the public in stores, then use them to make purchases over the Internet after the card has been activated. Some store employees have been caught pocketing newly purchased cards and giving customers blank ones. At the time of purchase, have the store employee scan the gift card in front of you, and show you that it has been activated on your receipt. This will verify the correct amount has been added to the card.

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## HOW TO CONTACT US

### Consumer Protection Division

200 St. Paul Place, 16th Fl., Baltimore, MD 21202

- **General Consumer Complaints:** 410-528-8662  
Toll-free: 1-888-743-0023 TDD: 410-576-6372  
9 a.m. to 3 p.m. Monday-Friday  
[www.marylandattorneygeneral.gov/Pages/CPD/](http://www.marylandattorneygeneral.gov/Pages/CPD/)
- **Health Consumer Complaints:** 410-528-1840  
Toll-free: 1-877-261-8807 TDD: 410-576-6372  
9 a.m. to 4:30 p.m. Monday-Friday  
[www.marylandcares.org](http://www.marylandcares.org)
- **For information on branch offices** in Largo, Salisbury, Hagerstown, and a full list of offices across Maryland, visit: [www.marylandattorneygeneral.gov/Pages/contactus.aspx](http://www.marylandattorneygeneral.gov/Pages/contactus.aspx)

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