

# CONSUMER'S EDGE

CONSUMER PROTECTION DIVISION, MARYLAND OFFICE OF THE ATTORNEY GENERAL

BRIAN E. FROSH, MARYLAND ATTORNEY GENERAL

## PRE-PAID PHONE CARDS: CONVENIENCES AND PITFALLS



Pre-paid phone cards are a way to pay for long-distance phone calls, and are often used by students, travelers or people who don't have long-distance service. Pre-paid phone cards can be purchased and used for a flat fee, giving a specified amount of call time for certain destinations.

When you buy a pre-paid phone card, you are actually paying in advance for phone time you can use later. It is the opposite of using your long-distance calling card, with which you make a call and pay for it when your phone bill arrives. Here's how a pre-paid phone card works: You purchase a card from a merchant (a convenience store, for example) or a vending machine. The card can hold any value, typically ranging from \$5 to \$100. The

money you pay buys a certain number of calling minutes. For example, one vending machine offers cards for \$10 or \$20. The sign on the front of the machine says 50 minutes for \$10, which means you would be paying 20 cents a minute for long-distance calls. After you pay, you receive a card with a toll-free access number and a Personal Identification Number. You dial the number, enter your PIN and a computer tells you how many minutes you have on your account. Then you dial the number you want to call.

Each time you use your card, the time you use is deducted from your total purchase. When you run out of time, some companies allow you to reload your card by charging more time to your credit card. Otherwise, you just throw it away and buy another one.



## Potential Problems

The Federal Trade Commission reports that these cards are the subject of a growing number of complaints. Here are some things consumers have reported:

- Access numbers or PINs that don't work: In some cases, the access number is always busy so you can never use your card or the company goes out of business before you can use it.
- Customer service numbers that are always busy or don't work.
- Rates that are higher than advertised: You might be told you are getting 25 minutes for \$5, but find you only received 21 minutes.
- Hidden connection charges, taxes and surcharges that may reduce the number of minutes your money buys.
- Cards that charge you even when the call doesn't connect or charge a minimum number of minutes so that for a 30 second call you would be charged three minutes, and
- Poor quality connections.

## Avoiding Problems

You can take some steps to protect yourself before you buy a pre-paid phone card. Before you purchase a phone card, call the company's toll-free customer service number. If it's not toll-free or if you can't get through after several attempts, don't buy a card from this company.

When you call customer service, ask:

- If you will be charged for unanswered calls,
- If there is a minimum charge per call,
- If you can purchase more time on your card or turn cards in for refunds when the amount of time left is under a certain amount,
- If you can replace the card if it is lost or stolen,
- If the card has an expiration date. Be sure not to purchase more time than you will use by that date.

The first time you purchase a pre-paid calling card from a company, consider buying a small amount of time to be sure you are satisfied. That way if there is a problem, you will have lost less money.



Pre-paid phone cards can be convenient and may save you money. But, as with any purchase, you need to shop for the best bargain. Calling rates vary and some cards offer less expensive international rates than others. You should make your purchase based on the best rates for your calling needs and the most reliable service.

## 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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BRIAN E. FROSH

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