

CONSUMER'S EDGE

CONSUMER PROTECTION DIVISION, MARYLAND OFFICE OF THE ATTORNEY GENERAL

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DISPUTING A CREDIT CARD CHARGE

A woman ordered a shirt from a website, using her credit card to pay for it. She didn't receive the shirt and the company did not respond to her emails. She asked her credit card company to credit back the \$25 she was charged. It agreed to do so, since she had not received the goods for which she paid.

A man had a satellite dish installed at his home. The company promised that it would receive local stations, but it didn't. He returned the dish and asked for a refund but the company refused. Fortunately, he had paid with a credit card. He contacted the credit card company and explained the dispute. After investigating, the credit card company gave him a refund.



Have you ever ordered something and didn't receive it, or bought something that was completely unsatisfactory, and you couldn't get the merchant to refund your money?

If you paid for your goods or services by credit card, you have more protections than if you paid by check, debit card, money order or cash. The federal Fair Credit Billing Act sets up procedures that require credit card issuers to correct mistakes quickly and resolve disputes between consumers and merchants. Your rights are summarized on the back of your credit card statements.

Billing Errors and Disputes

The Fair Credit Billing Act allows you to withhold payment on the charge in question while you ask your credit card company to correct or remove it. To take advantage of this right, you must notify your credit card's customer service department in writing within 60 days after the statement was sent to you. (You can call, but you should follow up by letter). Don't automatically enclose your letter in the envelope with your payment. The letter usually should be sent to an address for "billing inquiries"; read the instructions on your statement. You may also be able to initiate the dispute online.

If your credit card statement includes a mistake, such as:

- a charge for something you didn't buy;
- a charge for an incorrect amount;
- a charge made by someone not authorized to use your account;
- a charge for something you didn't accept on delivery; or
- a charge for an item not delivered as agreed.

In your letter, tell your credit card company your name and account number; that you believe the statement contains an error; the date and amount of the item in dispute; and why you believe the amount is wrong. If you wish, enclose photocopies (never originals) of sales slips or other documents.



The credit card company must acknowledge your letter within 30 days. Within 90 days, it must correct the mistake or explain why the charge is correct, after having conducted a reasonable investigation. In the meantime, you may withhold payment on the disputed amount, but you must continue to pay the other charges on your statement. During this time, your creditor cannot report you as delinquent or add finance charges on the disputed amount, but the disputed amount is allowed to count against your credit limit.

What if you don't discover there is a problem until after 60 days have passed since the item appeared on the statement? This often happens when people use a credit card to pay for furniture, airline travel or other items that require payment up front but will not be delivered for several months. Although the law only requires credit issuers to follow the Fair Credit Billing Act procedures if a consumer disputes the charge within 60 days of the statement on which the charge appears, many credit card issuers will still consider a dispute beyond 60 days. It may help if you can produce a receipt or order form that shows that the promised delivery date was more than 60 days after the charge was made.

Disputes Over Quality of Goods or Services

If you are dissatisfied with the quality of the goods or services you purchased and have tried unsuccessfully to resolve your dispute with the merchant, you can request a "chargeback" from the credit card issuer. Under federal law, credit card companies are required to honor a chargeback request only if the amount charged was more than \$50 and you made the purchase in your home state or within 100 miles from your home. However, many credit cards do not impose these limitations.

You should write your credit card company's customer service department or file the dispute online as soon as you discover the problem. Tell them that you are requesting a chargeback under the special rules of the Fair Credit Billing Act. When requesting a chargeback for a defective good or service, you are not required to file within 60 days, as you are when requesting a correction of a billing error under the Fair Credit Reporting Act. However, you should contact the credit card company and request a chargeback as soon as possible.

In your letter, include your account number, the specific amount on the statement that you are declining to pay, and the steps you've already taken to try to settle the dispute. You're allowed to withhold payment only on the unpaid balance of the disputed item at the time you first told the merchant or credit card issuer about the problem.

Generally, credit card issuers try to help consumers in a disputed transaction. Even if you already paid your bill before you discovered the problem, most credit card issuers will still consider your request for a chargeback.

The credit card company will contact the merchant to investigate the dispute. If the dispute is resolved in your favor, you won't be required to pay the credit card company for the merchandise, and the charge will never reappear on your statement. However, a merchant can protest your chargeback request. It is important to realize that the merchant has the right under the law to try to collect from you directly or take you to court, even if your card issuer grants the chargeback.

If the merchant protests your chargeback request and after investigation by the credit card company your request is denied, you can be charged interest on the unpaid amount, although some credit cards may waive the interest.

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/
- **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
- **For information on branch offices** in Largo, Salisbury, Hagerstown, and a full list of offices across Maryland, visit:
www.marylandattorneygeneral.gov/Pages/contactus.aspx

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