

## WHAT CAN CONSUMERS DO NOW TIP SHEET

### **Link Your Mobile Payment to a Credit Card for the Strongest Consumer Protection**

If you link your mobile payment to a credit card, you will have the most consumer protections.

- Limited liability for unauthorized transactions: Under federal law, you are only on the hook for up to the first \$50 in unauthorized charges once you notify your bank.
- Right to dispute a charge: You have the right to dispute a charge if you return an item to a store and the retailer fails to credit your account
- Chargeback right: If the item you bought isn't the item you ordered, you have the right to reverse the charge if the store won't resolve the issue with you.

\*However, this is only recommended if you are able to pay off the entire balance. If you are unable to pay off your balance, the benefits of linking your mobile payment to a credit card and carrying a balance becomes greatly outweighed by quickly growing debt.

### **Link your Mobile Payment to a Debit Card or Bank Account**

If you link your mobile payments to a debit card, you'll enjoy some, but not all, of the protections provided when using a credit card:

- Limited liability for unauthorized transactions: If your mobile phone or card is lost or stolen, your liability depends on when you report it to your bank. If you report the unauthorized transaction within two business days, your liability is limited to \$50. However, if you don't report it within this time frame, you can be liable for up to \$500 as long as you notify your bank with 60 days. If you fail to notify your bank within 60 days after receiving a statement showing the unauthorized charge, you can be liable for the entire amount. If your mobile phone or card was not lost or stolen, you must report unauthorized charges within 60 days to avoid losing any money.
- No right to dispute a charge.
- No right to stop payment for the purchase.

### **Avoid Linking Mobile Payment to a Prepaid Card**

If the payment service is linked to a prepaid card, you are subject to the card's terms and conditions. Usually, the protections are similar to debit card protections. Beware since prepaid cards are not required to protect you by law and contract terms may change at any time.

- Protections may vary widely (individual card's terms and conditions)

- Might have card network's "zero liability" policies (these policies are voluntary and may be limited)

### **Avoid Linking Mobile Payment to a Phone Bill**

If the payment service charges appear on a phone bill, you likely don't have many protections. You may or may not have protections provided under state or local laws set up by the utility department or agency.

California consumers are the exception:

- No liability for unauthorized charges placed on prepaid deposits or phone bills
- A right to reverse the charge with the wireless carrier
- Right to withhold payment while an investigation is pending; and
- A right to prompt recredit if the disputed charge has already been paid.

Ask your wireless carrier to place a cap on your account.

*For example, place a \$100 cap on any third party charges that can be made to your wireless bill so you won't be on the hook for more.*

Report a lost or stolen mobile phone or device to your wireless carrier as soon as possible to limit liability.

### **If You Link a Mobile Payment to a Gift Card**

Register the gift card

Keep the original receipt for the gift card (if you have it)

If your mobile device is lost or stolen, make a report to the merchant as soon as possible according to the merchant's terms and conditions to limit your losses.

### **Review Your Statements Often**

Regardless of the payment method you link your mobile payment to, you should keep a watchful eye on your statements to look out for any charges that are incorrect.

You will need to report these errors promptly to make sure you can take full advantage of any consumer rights you may have.

### **Complain**

Direct your complaints to your state utility department or agency.

Direct your complaints to the Consumer Financial Protection Bureau at <http://www.consumerfinance.gov>.