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Mobile Pay or Mobile Mess:

Closing the Gap Between Mobile Payment Systems and Consumer Protections

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By: Michelle Jun, Senior Attorney

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For additional information, please contact:

Consumers Union
Financial Services Team
West Coast Office
1535 Mission Street
San Francisco, CA 94103
(415) 431-6747

Introduction

Recent news accounts make clear that the race is on to create the number one mobile payment product adopted and used by consumers in the U.S. Mobile payment technologies are being touted as the most convenient and easy way for consumers to use their mobile phones to make purchases. But in this mad dash among processors, financial institutions and other industry players to create successful mobile payment products, few have focused their efforts on assuring that consumers will be protected financially if something goes wrong with a mobile payment transaction. Consumers need consistent and guaranteed protections regardless of the payment method or product used. Otherwise, consumers may be at risk of losing money if their mobile phone is lost or stolen, used to make unauthorized payments, or for other erroneous charges due to fraud or mistake.

What is a mobile payment?

“Mobile payments” allow consumers to make purchases or transfer money with a quick text message or application downloaded to a mobile phone. These new ways to pay are beginning to take off in the U.S., although they have been popular abroad for several years.¹ Internationally, consumers have been texting to make purchases for over a decade. Mobile payments began to surface around 1997, when Nokia allowed users to pay by using “short message service” (SMS) text messages for soft drinks in Finnish vending machines.² South Koreans are already widely using mobile payment technologies to make purchases, including paying for transit, buying goods at brick and mortar stores such as 7-Elevens, and providing children’s allowances by mobile phone.³

How widely are mobile payments used?

The worldwide market for mobile payments totaled over \$68 billion in 2009, and are expected to reach over \$630 billion by 2014, according to a report by Generator Research.⁴ This same report found that there were 81.3 million mobile payment users worldwide in 2009, and projects there will be 490 million users by 2014.⁵ According to a leading financial services industry research firm, mobile payments in the U.S. are expected to reach \$214 billion in gross dollar volume by 2015, up from \$16 billion in 2010, representing a projected increase of over 1200% in only five years.⁶ PayPal, the well known alternative payment processor is just one player in mobile payments. In late 2010, PayPal estimated that it would process \$700 million in mobile payments, or 1% of what the company processes.⁷

¹ The U.S. State Department reported in 2008 that mobile payments were already proliferating in Latin America, South Asia and Africa, in part because consumers in those countries are more likely to have cell phones than bank accounts. See Press Release, U.S. Dep’t of State, Mobile Payments—A Growing Threat (Mar. 2008) (summarizing report on potential for money laundering and other criminal activity using mobile payments technology).

² Neal Leavitt, *Payment Applications Make E-Commerce Mobile*, IEEE MAG., Dec. 2010, at 19.

³ Choe Sang-Hun, *For Korea, All of Life is Mobile*, N.Y. TIMES, May 24, 2009, available at <http://www.nytimes.com/2009/05/25/technology/25iht-mobile.html>.

⁴ Liz Gannes, *Mobile Payments to Reach \$633B by 2014*, GIGAOM, May 13, 2010, available at <http://gigaom.com/2010/05/13/mobile-payments-to-reach-633b-by-2014/>.

⁵ *Id.*

⁶ Andrew Johnson, *In Mobile Payments, Lack of Interoperability Threatens Adoption*, AM. BANKER, Dec. 9, 2010, available at http://www.americanbanker.com/issues/175_235/lack-of-interoperability-1029690-1.html.

⁷ Verne G. Kopytoff, *For PayPal the Future is Mobile*, N.Y. TIMES, Nov. 29, 2010, available at <http://www.nytimes.com/2010/11/29/technology/29paypal.html>.

What's at stake for consumers?

The ability to pay by mobile phone is exciting due to its potential ease and convenience, but consumers need to know that they may find themselves at risk for financial loss if a mobile device is lost or stolen or if erroneous charges are incurred due to fraud or mistake. Missing from all the hype about new advances in mobile payments is whether consumers will be protected financially if something goes wrong with a transaction made with a mobile phone.

Currently, consumers are left to figure out on their own what types of protections might be provided in the event they discover unauthorized use or an error that resulted from a mobile payment transaction. Consumers are unlikely to know what to do, who to call or what rights they have after discovering unauthorized activity or other errors on their statements or receipts. Even the savviest consumer may not be able to resolve a disputed charge due to the wide range of mobile payment products and methods which come with a wide array of consumer protections.

Why do consumer protections vary so widely for mobile payments?

Today, the protections a consumer is entitled to receive in the event of an unauthorized transaction or other error depend upon the payment method used to fund the mobile payment transaction. Consumers who link mobile payments to credit cards have the strongest rights, with the greatest caps on liability, the ability to withhold payment of disputed amounts and the right to prompt recredit. Consumers who link their mobile payments to debit cards or bank accounts have the second best set of consumer protections which include limits on liability and the right to recredit within a specified period of time.

On the other hand, consumers who link their mobile payments to general purpose prepaid cards and gift cards don't have the same guaranteed protections as credit and debit cards. The same applies to mobile payments that are debited directly from a prepaid mobile account or are charged to a mobile phone bill. These payment methods are likely limited to voluntary protections, which may provide no protection at all.

What protections do consumers need?

Consumers should have the strongest guaranteed protections against unauthorized use and other errors regardless of the payment method used for the mobile payment transaction. Consumers should be able to dispute any unauthorized transaction, whether it was a result of a lost or stolen phone or if a merchant error was discovered on a mobile phone statement. Consumers should be able to withhold payment of disputed amounts and should be recredited in a timely fashion if they've already paid for the disputed transaction.

Consumers should not be left behind in the mobile payment race. This report highlights the need to provide consumers with the best protections against losing money when fraud or other errors occur when using mobile payments. We begin by looking at the current mobile payment marketplace and its projected growth. Second, we provide illustrations of current mobile payment methods and analyze the existing protections a consumer may have if the transaction is unauthorized or if an error occurs. Finally, we

provide a straightforward solution to ensure that consumers always get the strongest guaranteed consumer protections for unauthorized transactions and other errors resulting from mobile payments.

Mobile Payments: The Next Way to Pay

Most U.S. consumers have a mobile phone⁸ and rely on their mobile phone daily to provide a variety of communication functions. The emerging trend is for consumers to pay with a mobile phone. As a result of the enormous profit projections and the high likelihood that consumers will adopt mobile payment technology due to its ease, convenience and speed, many industry players are clamoring to get into the mobile payments game.

SMS text services have become popular for mobile payments – particularly for small dollar-amount donations. Within 48 hours after a devastating earthquake that hit Haiti on January 12, 2010, the American Red Cross received over \$5 million in \$10 text donations.⁹ Texting donations continues to be popular; the American Red Cross recently received over \$1 million by the third day after Japan’s massive March 11, 2011 9.0 earthquake and tsunami.¹⁰

Farmville, Mafia Wars and other online game aficionados are likely familiar with Boku, Facebook and Zong which can be used to make payments for virtual goods using mobile phones. Consumers using these payment methods enter their cell phone numbers to pay instead of entering their credit card information. A confirmation text message is sent to the cell phone, to which a consumer must reply to authenticate the purchase, which may be as simple as replying with a “Y” to the text message or with a 4-digit PIN. After receiving a confirmation via text, purchases can be charged directly to the consumer’s wireless phone bill or debited against a prepaid phone deposit.

More recently, mobile payments have proliferated through the use of applications and other technologies that let consumers make purchases by using their phones. One type of mobile payments technology employs contactless readers, which can obtain account and other consumer information when a RFID (radio frequency identification) enabled chip or device is waved in front of it. This technology has been marketed as providing convenience both to the consumer and the merchant at the point of sale since it only requires a tap or wave of a mobile device for a contactless reader to capture the necessary information to complete a payment transaction. The merchant can serve customers quickly and keep lines moving.¹¹ Some merchants are also interested in the

⁸ The CTIA, the wireless industry association, estimated 93% wireless penetration in the U.S. last June. CTIA, 50 Wireless Quick Facts, <http://www.ctia.org/media/index.cfm/AID/10379> (last visited June 4, 2011).

⁹ Barbara Ortutay, *Haiti Text Donations to Red Cross Pass \$5M*, ASSOCIATED PRESS, Jan. 14, 2010, available at http://www.boston.com/business/technology/articles/2010/01/14/haiti_text_donations_to_red_cross_hit_4_m/.

¹⁰ *Red Cross Text Donations to Japan Top \$1 Million*, WINK (CBS) NEWS, Mar. 14, 2011, available at <http://www.winknews.com/Local-Florida/2011-03-14/Red-Cross-text-donations-to-Japan-top-1-million>.

¹¹ See, e.g., Kate Fitzgerald, Starbucks National Push for Mobile Payments, AM. BANKER, Dec. 6, 2010, available at http://www.americanbanker.com/issues/175_232/starbucks-mobile-payments-1029437-1.html. Starbucks’ President of U.S. Operations told *American Banker* that using mobile payments technology at point of sale was part of their effort to move customers through checkout more quickly. *Id.*

technology because mobile payment service providers may charge the merchant lower fees than traditional credit and debit card networks at the point of sale.¹²

Google has recently made a big move in mobile payments by introducing Google Wallet, which utilizes contactless technology by embedding a NFC (near field communication) chip in its Android phones. A simple wave of the mobile phone in front of the merchant's reader is all that is required to complete a transaction, which is billed to a Citi MasterCard or a Google Prepaid Card.¹³ Bling Nation provides a similar payment technology in the form of a RFID-enabled sticker that can be waved in front of a reader at the point-of-sale. Bling Nation has partnered with PayPal, conducting pilots in Palo Alto, Chicago and Austin and similarly expects to embed its chip in handheld devices sometime this year.¹⁴

The current big alternatives to contactless are with alternative payment processors like Square. Square initially entered the mobile payments space with a hardware device that serves as a credit card reader when plugged into an iPhone, iPad or Android phone. Square seeks to attract smaller merchants with an alternative way to process payments with lower fees and ease of use.¹⁵ Consumers in the San Francisco Bay Area, New York, Washington, D.C. and St. Louis can pay for an item at certain merchants by using Square's mobile app, Card Case.¹⁶ Consumers can open up a "tab" using Card Case¹⁷ with the merchant who also uses the app on its iPad "register," and ultimately the transaction is billed to the consumer's linked credit card.¹⁸

FaceCash utilizes a different type of technology, the image of a person's face, in its mobile app for payment verification. Similar to Google Wallet, FaceCash's goal is to replace consumers' wallets with the FaceCash digital wallet.¹⁹ When a consumer wishes to make a payment at a point of sale with FaceCash, the merchant verifies identity by matching the consumer's face with a digital image linked to the FaceCash account. FaceCash payments, which can be used either with a barcode or NFC are currently accepted at certain locations in Palo Alto, California.²⁰ FaceCash users can link their FaceCash accounts to bank accounts, or can fund the FaceCash account with cash at participating merchants.

¹² For example, Bling, a mobile payments service that uses contactless readers at the point of sale, charges a 1.5% transaction fee, about half the amount of the usual credit card fee on the merchant. Jefferson Graham, *Customers Pay By Smartphones, Not Credit Cards*, USA TODAY, Dec. 1, 2010, available at http://www.usatoday.com/tech/news/2010-12-01-mobilepayments01_ST_N.htm.

¹³ Google Wallet FAQ, <http://www.google.com/wallet/faq.html#payments> (last visited June 7, 2011).

¹⁴ Elizabeth Woyke, *Bling Nation Prepares National Rollout of Mobile Payments, Handset Partnerships*, FORBES, Nov. 20, 2010, available at <http://blogs.forbes.com/elizabethwoyke/2010/11/15/bling-nation-prepares-national-rollout-of-mobile-payments-handset-partnerships/>; Dusan Belic, *Bling Nation Expands FanConnect to Austin*, INTOMOBILE, Mar. 29, 2011, available at <http://www.intomobile.com/2011/03/29/bling-nation-expands-fanconnect-austin/>.

¹⁵ Square FAQ, <https://help.squareup.com/> (last visited June 8, 2011).

¹⁶ Square: Introducing Card Case, <https://squareup.com/cardcase> (last visited June 8, 2011).

¹⁷ Lance Whitney, *Square Vies with NFC for Mobile Payments*, CNET NEWS, May 24, 2011, available at: http://news.cnet.com/8301-1023_3-20065682-93.html.

¹⁸ Square: What is Card Case? <https://help.squareup.com/customer/portal/articles/72949-what-is-card-case-> (last visited June 8, 2011).

¹⁹ FaceCash: Information for Individuals, <https://www.facecash.com/individuals.html> (last visited June 8, 2011).

²⁰ FaceCash: Where Can I Use FaceCash? <http://www.facecash.com/where.html> (last visited June 8, 2011).

Two large merchants, Target and Starbucks' mobile gift card applications utilize 2D barcode technology, which are like UPC codes. More than 3 million customers have paid with Starbucks Card Mobile, which has become the fastest way to pay with this merchant. Starbucks revealed that they had the most profitable quarter in its 40 year history, attributing 22% of its profits to its cards.²¹ One of the nation's largest retailers, Target, offers a similar mobile gift card application; the company has noted consumers' growing dependence on their mobile phones, and expressed its intention to "innovate" in the mobile payments space in order to improve customer satisfaction.²²

Mobile payments have also received substantial international attention because they are helping consumers in developing countries to gain access to financial services. *American Banker* has reported that 5 billion consumers worldwide use mobile phones, while only 1.5 billion have access to financial services.²³ In Haiti, one of the world's poorest countries, 85% of the population have mobile phones but very few Haitians hold bank accounts.²⁴ In Kenya, Safaricom's M-PESA service gives Kenyan consumers the ability to manage transactions entirely through the use of mobile phones.²⁵ M-PESA consumers can deposit or withdraw cash and send money through a network of M-PESA agents and ATM machines, and can buy goods and services with their mobile phones.²⁶

Because of all this feverish marketplace activity, the need to fill the gaps in current regulations is more pressing as mobile phones become ubiquitous and mobile payments rise in popularity. It should not matter to the consumer which payment method is used to make the transaction with a mobile phone. But when a thief uses a stolen mobile phone to pay, or when the wrong amount is billed, or when goods are not delivered as promised, the method of payment can matter a lot because of the disparate protections afforded by each. The payment method the consumer chooses can determine whether, and to what extent, the consumer has a right to get his or her money back.

Consumer Protections Vary Depending on Which Mobile Payment Method is Used
(Additional information on mobile payment products can be found in Appendix A)

Our evaluation of consumer protections applies to a number of mobile payment technologies and methods: premium SMS-based, mobile web, contactless/near field communication (NFC), and direct to mobile billing. Our analysis is focused on whether consumers will have rights when they encounter problems with unauthorized charges, or if they have been debited or charged twice, or the purchase amount is incorrect. Consumers who make mobile payments linked to a credit card or debit card will have

²¹ Jennifer Van Grove, *Starbucks Card Mobile is a Hit: 3 Million People Pay Via Phone App*, MASHABLE, Mar. 23, 2011, available at <http://mashable.com/2011/03/23/starbucks-card-mobile-payments/>.

²² Chris Harnick, *Target Expands Mobile Commerce Presence with Gift Card*, MOBILE COMMERCE DAILY, Feb. 9, 2010, available at <http://www.mobilecommercedaily.com/2010/02/09/target-implements-mobile-gift-cards>.

²³ Andrea McKenna, *Worlds of Difference in 'Mobile Money' Strategy*, AM. BANKER, Nov. 19, 2010, available at http://www.americanbanker.com/issues/175_223/mobile-money-strategy-from-haiti-1028902-1.html.

²⁴ *Id.*

²⁵ Safaricom Ltd., M-PESA, <http://www.safaricom.co.ke/index.php?id=250>.

²⁶ *Id.*

guaranteed protections when a transaction goes awry, but consumers who make mobile payments linked to other forms of payment may end up losing money.

Consumer protections for mobile payments depend on where the transaction is debited from or billed to. Some of the payment methods will have clear statutory and regulatory consumer protections against unauthorized transactions, while others may only be governed by voluntary principles and guidelines and contracts.

Below, we provide examples of what happens to a consumer who uses a mobile payment product, tracing the payment method to see if the consumer will have any consumer protections.

Mobile Payments Linked to a Credit Card Offer the Strongest Protections

Transactions made with mobile phone payments linked to credit cards are provided the strongest consumer protections.

George taps his Bling Nation tag, a RFID-enabled chip embedded in a sticker on his mobile phone to pay for tires. His Bling Nation account is linked to his PayPal account,²⁷ which is linked to a credit card. A week later, George finds that the vendor overcharged him. Since George's PayPal account is linked to his credit card, he will have the ability to contact the credit card company (or initiate PayPal's dispute resolution process) to resolve the overcharged amount.²⁸ George will be able to either withhold payment if he has not yet paid, or he will be recredited the excess amount.

If a consumer like George made a purchase with a mobile phone and the charge goes to the consumer's credit card account, the consumer will receive all of the same protections that apply to a traditional credit card transaction. Federal regulations protect consumers from charges that the consumer did not authorize, whether or not the credit card itself was used in the transaction.²⁹

When a consumer links a mobile payment to a credit card, the consumer's liability is limited to no more than \$50 for unauthorized credit card charges resulting from a lost or stolen credit card, which in mobile payments can include the phone itself, a chip in the phone or a sticker on the phone.³⁰ If a billing error appears on a consumer's periodic statement, there is no liability as long as the consumer reports the error within 60 days.³¹

²⁷ PayPal accounts can be directly funded, or may be linked to credit cards, debit cards, bank accounts and prepaid cards. We have chosen to provide an example of linking a mobile payment to a credit card.

²⁸ See PayPal User Agreement, Section 13.7, Relationship Between PayPal's Protection Programs and Chargebacks, https://cms.paypal.com/us/cgi-bin/?cmd=_render-content&content_ID=ua/UserAgreement_full&locale.x=en_US#13.%20Protection%20for%20Buyers (last visited June 8, 2011).

²⁹ See 15 U.S.C. § 1666(b) (2006 & Supp. V), 12 C.F.R. § 226.13(a) (2011) (both defining "billing error" to include unauthorized transactions and transactions that are the subject of a good faith dispute with a merchant about acceptability or delivery of goods and services).

³⁰ Regulation Z's official staff interpretations state that "credit card" includes a "card or device that can be activated upon receipt to access credit." Official Staff Interpretations, 12 C.F.R. § 226, Subpart G (see definition of "credit card," 12 C.F.R. § 226.2(a)(15)). If a mobile phone is set up to access the credit account and then is lost or stolen, the consumer should be liable for no more than \$50 in unauthorized transactions.

³¹ § 226.13(b)(1).

With credit card transactions, consumers also have the right to reverse a charge if the goods or services were not delivered as agreed or not accepted by the consumer or his or her designee. Usually this will be for non-delivery, defect, or delivery of the wrong item. This is commonly called a “chargeback” right. Mobile payments linked to credit cards would enjoy these same chargeback rights.

Mobile Payments Linked to Debit Cards or Bank Accounts Have the Second Best Protections

Mobile payments linked to debit cards or bank accounts have mandatory protections but these safeguards are less complete compared to mobile payments linked to credit cards.

Jane bought a pair of sunglasses using Amazon TextPayMe. Jane sends the payment by texting the Amazon shortcode to the merchant’s email address using her mobile phone.³² She then receives a phone call from Amazon and is required to provide a PIN and the transaction is authorized. Jane’s Amazon account is linked to her debit card.³³ Soon after the transaction, Jane realizes she has lost her mobile phone. Jane quickly contacts her mobile phone carrier to report her lost phone and also contacts her bank about how her debit card information may be compromised. Jane’s losses related to the debit card and her bank account will be limited to \$50 because of her quick report. Depending on her mobile carrier, she may be entitled to additional contractual protections that limit her losses from the use of her phone.

The law provides consumers paying with debit cards the right to get their money back but doesn’t provide chargeback rights if the goods and services are defective or not delivered as promised. If the mobile phone, chip or other mobile payment device is lost or stolen, the consumer’s liability for unauthorized transactions is limited by statute to \$50 if the consumer makes a report within two business days from the date the unauthorized transaction occurred.³⁴ If the consumer reports a lost or stolen phone after two days, liability can reach \$500 or more.³⁵ If a consumer finds an unauthorized charge on the bank statement and the phone was not lost or stolen, the consumer won’t lose any money as long as the error is reported within 60 days.³⁶ This time period may be extended for extenuating circumstances.³⁷ Consumers have another important right when the mobile payment is linked to a debit card or bank account, which is the right to be recredited missing funds from unauthorized transactions within 10 business days.³⁸

³² Amazon TextPayMe, <https://payments.amazon.com/sdui/sdui/personal/textpayme> (last visited June 7, 2011).

³³ Amazon Payments may be linked to a variety of payment methods, including debit cards, credit cards, and gift cards. In this example, we chose to link the mobile payment to a debit card.

³⁴ 12 C.F.R. § 205.6(b)(2). “Access device” is defined as “a card, code, or other means of access to a consumer’s account...that may be used by the consumer to initiate electronic fund transfers.” § 205.2(a)(1); Regulation E, Official Staff Interpretations, 12 C.F.R. § 205, Supplement I. Therefore, a lost or stolen mobile phone will be a lost or stolen “access device” for the purposes of Regulation E.

³⁵ § 205.6(b)(2). If the consumer reports a lost or stolen access device after two business days, liability is capped at the lesser of: (1) \$500, or (2) “[t]he amount of unauthorized transfers that occur after the close of two business days and before notice to the institution, provided the institution establishes that these transfers would not have occurred had the consumer notified the institution within that two-day period.” *Id.*

³⁶ § 205.6(b)(3).

³⁷ § 205.6(b)(4).

³⁸ If a consumer reports an error, the consumer’s bank must recredit the disputed amount within the lesser of: (1) 10 business days, or (2) one business day after the bank determines that there was an error. 15

Mobile Payments Linked to General Use Prepaid Cards Have No Guaranteed Protections

Consumers who use mobile payments that are tied to prepaid cards, or general purpose reloadable prepaid cards,³⁹ have no guaranteed protections if something goes wrong with the transaction and may have unlimited liability.

Rosie receives her wages from her employer via Obopay. Her employer sends a text message to Rosie's mobile phone on payday and the funds go to Rosie's Obopay account. Rosie then has the funds loaded onto the Obopay Prepaid MasterCard,⁴⁰ which she used to purchase a lamp online. Unfortunately, the prepaid card account number was included in the merchant's data breach and her account was drained. Despite Rosie's efforts to prove that she did not make the unauthorized purchases that drained her account, the prepaid card issuer finds otherwise. And, since Rosie has made two previous reports in the past year, MasterCard's Zero Liability policy does not apply. Rosie is left empty-handed.

Consumers who link mobile payments to prepaid cards do not receive mandatory protections from consumer liability for unauthorized transactions or other errors. Prepaid cardholders do not have a mandatory right of recredit for missing funds, and will likely not get their money back unless the prepaid card company voluntarily provides it.⁴¹ These prepaid cards may have some protections by contract; however, they are voluntary and can be rescinded at any time by the prepaid card issuer.

Additionally, prepaid cardholders may be provided assurances from Visa and MasterCard, two major card networks that their cardholders, including prepaid cardholders, can be worry free and have peace of mind with their zero liability policies. Visa's Zero Liability policy states it will protect cardholders from unauthorized use, and requires financial institutions "to extend provisional credit for losses from unauthorized

U.S.C. §§ 1693f(b-c), 12 C.F.R. § 206.11(c)(1)(i). Consumers Union recommends shortening this period to five days. *See* Consumers Union, *Protecting Our Wallets: Consumers Union Recommends Priority Areas for the Consumer Financial Protection Bureau's First Year*,

<http://www.defendyourdollars.org/pdf/Recommended-Priorities-for-the-CFPB.pdf>.

³⁹ General purpose reloadable cards are network branded prepaid cards that can be used to withdraw funds from ATMs, used at a point-of-sale, and have other capabilities similar to debit cards tied to bank accounts. For more information on prepaid cards, *see* MICHELLE JUN, CONSUMERS UNION, *PREPAID CARDS: SECOND-TIER BANK ACCOUNT SUBSTITUTES (2010)*, available at

<http://www.defendyourdollars.org/pdf/2010PrepaidWP.pdf>.

⁴⁰ Obopay accounts can be linked to bank accounts or prepaid cards. Obopay users have the option to request the Obopay Prepaid MasterCard, which requires an initial enrollment fee. *See* Obopay Prepaid MasterCard,

<https://www.obopay.com/consumer/GetHelp.do?target=FAQObopayPrepaidMastercardPage#faq2y> and https://www.obopay.com/corporate/en_US/fees_card.shtml.

⁴¹ Regulation E's official staff interpretations appear to exempt funds in pooled accounts from the definition of "accounts" covered by the regulation. *See* Official Staff Interpretation of 12 C.F.R. § 205.2(b)(3), 12 C.F.R. § 205, Supplement I. This is an accident of history, as prepaid cards are a recent phenomenon.

use within five business days of notification of the loss.”⁴² MasterCard has a similar Zero Liability policy which will not hold “you responsible for ‘unauthorized purchases’.”⁴³

However, voluntary consumer protections like Visa and MasterCard’s zero liability policies are insufficient. For instance, prepaid card holders may be subject to the whims of customer service representatives’ knowledge of the policies.⁴⁴ Plus, these policies have significant loopholes. Visa’s Zero Liability policy does not cover ATM transactions or PIN transactions that are not processed on the Visa network.⁴⁵ Card transactions may take place on other networks even if the card has a Visa logo.⁴⁶ MasterCard’s Zero Liability policy also has loopholes. That policy doesn’t give any protection if a consumer reported more than two or more unauthorized events in the past 12 months. It also does not cover ATM or PIN transactions and may not apply if the consumer did not register the card with MasterCard.⁴⁷

Mobile Payments Linked to Gift Cards Are Not Protected From Unauthorized Transactions

Consumers who link mobile payments to gift cards will not likely be able to recover lost funds due to unauthorized transactions or errors. Mobile payments linked to gift cards, which include bank-issued (network-branded) gift cards and single merchant gift cards do not receive protections under federal law or regulation for unauthorized transactions or errors.

Elroy transferred information from his Target and Starbucks gift cards onto his mobile phone. He received these gift cards for his birthday, but didn’t receive the receipts with the gift cards and he didn’t register the gift cards with the merchants. Elroy’s phone was stolen and he reported it the day after he discovered it was missing. Unfortunately, the thief used his phone to quickly spend the remaining gift card balances and Elroy was unable to recoup the losses.⁴⁸

Like Elroy, consumers who use mobile payments applications that are linked to gift cards could lose all their gift card funds if the phone is lost or stolen and a thief uses it to purchase goods with the funds linked to the gift card application. Consumers are then subject to the gift card mobile application’s terms and conditions and must comply with

⁴² Visa Zero Liability, http://usa.visa.com/personal/security/visa_security_program/zero_liability.html (last visited June 7, 2011).

⁴³ MasterCard Zero Liability, <http://www.mastercard.us/zero-liability.html> (last visited June 7, 2011).

⁴⁴ “A voluntary policy is subject to the risk of uneven application and to the discretion of employees about how and when to apply the policy, which may disadvantage consumers whose primary language is not English, who are less able to spend time on the phone with customer service due to the nature of their jobs, or who are less able to write a persuasive letter describing the problems—in many cases, the very consumers to whom prepaid debit cards are being marketed as account substitutes.” Gail Hillebrand, *Before the Grand Re-thinking: Five Things to Do Today With Payments Law and Ten Principles to Guide New Payments Products and New Payments Law*, 83 CHI.-KENT L. REV. 769, 790 (2008).

⁴⁵ Visa, *supra* note 42.

⁴⁶ A merchant’s financial institution chooses a network to process debit transactions.

⁴⁷ MasterCard, *supra* note 43.

⁴⁸ Both merchants have their own terms in which the consumer must follow in order to qualify for protections against lost or stolen gift cards. See Target Gift Card Terms of Use <http://www.target.com/Terms-Use-GiftCards/b?ie=UTF8&node=1232832011>; Starbucks Card Terms and Conditions, <https://www.starbucks.com/card/card-terms-and-conditions> (last visited June 8, 2011).

the terms in order to possibly redeem any missing funds as a result of unauthorized activity or error.

Federal laws and regulations do not provide protections against unauthorized transactions or other errors for gift cards.⁴⁹ While there are consumer protections against expiration dates and many types of fees on gift cards, there are no guarantees that the consumer will be able to recoup gift card funds if they are missing due to theft or as a result of other errors.

Mobile Payments Linked to Phone Bills Offer Unclear Protections

Consumers who use mobile payment products that debit a prepaid mobile account or send a charge to a mobile phone account will likely only have voluntary protections from the wireless carrier's contract.

Beatrice is an avid online gamer and uses Paymo to pay for the virtual goods she needs. But when she received her mobile phone bill (she has a prepaid account), there were numerous debits that weren't hers. Boku, the company that provides Paymo, states explicitly in its Terms of Use that the consumer makes the purchases "as is" and waives any rights to challenge any transactions.⁵⁰ Beatrice must initiate a complaint with her wireless carrier, which offers voluntary protections and does not have to provide an investigation or recredit the missing funds.

It is unclear what recourse a consumer has when a payment is linked to a prepaid deposit to a wireless carrier (prepaid) or to a phone bill that the consumer pays at the end of the billing cycle which is usually on a month-to-month basis (postpay). Interstate and international telephone services are regulated by the Federal Communications Commission (FCC), but the FCC does not have regulations on mobile payments ("non-telephone services") charged to a prepaid deposit or phone bill.⁵¹ As a result, consumers making mobile payments linked to a prepaid phone account or to their postpay mobile accounts may have no guaranteed consumer protections in the event of an unauthorized transaction or error. Consumers may be entitled to protections provided by state laws or public utility agency rules, but those safeguards vary from state to state.

So far, only one state agency has taken steps to provide stronger consumer protections for mobile payments linked to mobile phone accounts. The California Public Utilities Commission (CPUC) issued a rule in late 2010 that now provides California residents the right to reverse charges, similar to a chargeback right, for unauthorized charges for goods and services made to prepaid or postpaid mobile phone accounts. Under the CPUC rule, phone companies must give California consumers notice and a chance to

⁴⁹ For a more in depth discussion on expanding gift card protections, *see* Hillebrand, *supra* note 44, at 790.

⁵⁰ Boku Terms of Use, <http://www.boku.com/about/terms/> (last visited June 7, 2011).

⁵¹ The FCC's authority to write rules protecting consumers against billing errors extends to "telephone-billed purchases," defined as "any purchase that is completed solely as a consequence of the completion of the call or a subsequent dialing, touch tone entry, or comparable action of the caller." 15 U.S.C. § 5724(1) (2006 & Supp. V). It is at best unclear whether text message payments would be covered. The FCC's consumer resources page on "cramming" directs consumers to contact the FCC with complaints regarding interstate or international telephone services, but advises contacting the Federal Trade Commission instead if they find "non-telephone" service charges. *See* Fed. Comm'n Comm'n, Unauthorized, Deceptive or Misleading Charges Placed on Your Telephone Bill, <http://www.fcc.gov/cib/consumerfacts/cramming.html>.

opt out of allowing third parties (e.g., a ringtone download store or charitable organization) to put charges on the phone bill.⁵² Even if a consumer does allow third party charges, the consumer is not responsible for unauthorized charges. If the consumer disputes a charge, it is presumed unauthorized – the phone company has to prove otherwise before it can hold the consumer responsible for the disputed charge. While an investigation is pending, the consumer does not have to pay the charge. If it has already been paid, the carrier must either verify the charge or recredit the consumer’s account within 30 days.

Voluntary Protections Are Insufficient

The CTIA, the wireless industry association, has established Best Practices and Guidelines for Mobile Financial Services. These best practices provide guidance to Mobile Financial Service Providers, such as limiting financial loss to the consumer by placing limits on liability for unauthorized transactions, setting usage caps, and calling for reasonable dispute resolution processes. However, the Best Practices and Guidelines for Mobile Financial Services do not directly apply to the wireless companies themselves.⁵³ These guidelines apply to third party mobile financial service (MFS) providers such as the mobile payment providers described in this report, including Boku, Amazon, Square and Bling Nation but are entirely voluntary and do not provide the same level of protection and accountability that come with statutory and regulatory requirements.

Wireless Contract Protections Vary Widely

(additional information on wireless carrier contracts can be found in Appendix B)

- None of the wireless carrier contracts we reviewed provided protections as strong as if a payment were made with a credit or debit card.

In reviewing the terms and conditions for major U.S. wireless providers,⁵⁴ it is quite clear that the terms and conditions are quite varied. Contracts from nTelos, Cellular South and Cincinnati Bell did not provide any information to consumers on how to resolve a disputed charge or what to do if their mobile phone is lost or stolen. Other contracts provide information for reporting lost or stolen mobile phones, for disputing charges and provide timelines for investigations. Even so, with the exception of California residents, consumers only have voluntary protections against missing funds, which are provided in their wireless carrier contracts when a mobile payment is debited from a prepaid wireless phone deposit or charged to a wireless phone bill.

Disputed charges unrelated to lost or stolen mobile devices

⁵² Cal. Pub. Util. Comm’n, Order Instituting Rulemaking on the Commission's Own Motion to Establish Consumer Rights and Consumer Protection Rules Applicable to All Telecommunications Utilities (Oct. 28, 2010), available at http://docs.cpuc.ca.gov/PUBLISHED/FINAL_DECISION/125959.htm (CPUC ORDER).

⁵³ “Wireless carriers can be MFS Providers in certain circumstances, but do not constitute MFS [Mobile financial services] Providers for the purposes of these Guidelines merely because they provide wireless data services, application provisioning services, or similar standard functions to mobile users and MFS Providers.” CTIA, BEST PRACTICES AND GUIDELINES FOR MOBILE FINANCIAL SERVICES 1 (2009), available at http://files.ctia.org/pdf/CTIA_MFS_Guidelines_BP_Final_1_14_09.pdf.

⁵⁴ The wireless companies we selected were based on internet searches for the largest wireless carriers in the U.S.

- 16 of the 18 wireless carrier contracts we reviewed require consumers to pay for disputed charges (unrelated to a lost or stolen mobile phone or device). One wireless carrier contract was silent.⁵⁵

Generally, consumers are required to pay the wireless company for disputed charges even if a report of a disputed amount was made and the report is pending investigation. Many of the wireless carrier contracts have provisions that consider the consumer to be in default if payments are not made on time, even if an investigation of the disputed is pending. Cincinnati Bell's provision on Late Payments/Disputes states, "All amounts due, including disputed amounts, must be paid by the due date regardless of the status of any objection."⁵⁶ The only wireless carrier that does not require disputed amounts to be paid by the billing due date is CREDO Mobile.⁵⁷

Charges related to lost or stolen mobile devices

- Only 4 of the 18 wireless carrier contracts we reviewed explicitly do not require consumers to pay for disputed charges as a result of a lost or stolen mobile device.⁵⁸
- One wireless carrier contract states that the consumer will bear the risk of all losses as a result of a lost or stolen mobile phone⁵⁹ while 4 other wireless carrier contracts do not provide any language regarding consumer liability due to lost or stolen mobile phones.⁶⁰
- One wireless carrier contract specifically states that the consumer must take up any issues regarding third party disputed or unauthorized charges with the third party.⁶¹

Most contracts state that the consumer will not be held liable for charges made *after* reporting a lost or stolen mobile device. However, some contract language seems to suggest that consumers may still be on the hook for charges made before a report is made, even though these charges were made by a thief. For instance, even reporting a lost or stolen mobile device may not limit liability under AT&T's Customer Agreement: Section 3.7 reads, "If your wireless Device is lost or stolen, you must contact us immediately to report the Device lost or stolen. You're not liable for charges you did not

⁵⁵ nTelos did not provide any language in regard to disputed charges in its contract.

⁵⁶ Cincinnati Bell General Terms and Conditions,

http://www.cincinnati-bell.com/shared_content/pdf/wireless/cbwtermsconditions_040111.pdf

(last visited June 8, 2011).

⁵⁷ CREDO Mobile Customer Agreement, <http://www.credomobile.com/misc/Customeragreement.aspx>

(last visited June 8, 2011).

⁵⁸ Verizon, T-Mobile, US Cellular (postpay) and CREDO Mobile contracts have provisions which inform the consumer that they do not have to pay for disputed charges arising from lost or stolen mobile devices as long as the consumer has provided notification according to the contract terms.

⁵⁹ Cricket Terms and Conditions of Service, <http://www.mycricket.com/support/terms-and-conditions> (last visited June 9, 2011).

⁶⁰ Cellular South, Cincinnati Bell, nTelos and Virgin Mobile do not provide any language in their contracts we reviewed pertaining to consumer liability due to unauthorized charges as a result of lost or stolen mobile phones.

⁶¹ Virgin Mobile Terms of Service, <http://www.virginmobileusa.com/legal/terms-of-service-no-annual-contract> (last visited June 9, 2011).

authorize, but the fact that a call was placed from your Device is evidence that the call was authorized.”⁶²

California resident exception

- Only 3 of the 18 wireless carrier contracts we reviewed provided information for California consumers and their additional rights for disputed charges. The remaining 15 wireless contracts we reviewed do not provide any information about additional protections available to California consumers.⁶³

A few wireless carrier contracts, including those from AT&T, T-Mobile and US Cellular, refer to California’s PUC Rule that allows California residents to withhold payment of disputed amounts while an investigation is being conducted, and refer to the 30 day timeframe in which an investigation must be completed for reported disputed charges.

Late fees assessed if payment (including disputed charges) not made in full

- 7 of the 18 wireless carrier contracts we reviewed explicitly require consumers to pay late fees if a consumer does not pay the full bill amount, including charges that have been disputed.⁶⁴

California consumers may not be required to pay any penalty fees while an investigation is being conducted regarding disputed charges. This protection shields California consumers from having to pay additional late fees for making full payment, or for not paying disputed fees while an investigation pending. However, other consumers do not have this protection and would be subject to late fees. These wireless carriers include AT&T, Cellular One, Cincinnati Bell, Sprint, T-Mobile, US Cellular and Verizon. The late fees are about \$5 per month or 1.5% of the outstanding balance according to the wireless contracts we reviewed.

Timeframes for making disputed charges to wireless carriers

- 12 of the 18 wireless carrier contracts we reviewed provided specific time limits for consumers to make reports or notify the carrier of any disputed charges. One carrier provided vague language, while 5 of the 18 wireless carrier contracts did not provide any information at all.

The wireless contracts we reviewed required consumers to make a report of disputed charges within 14 days to 180 days, depending on the provider. Virgin Mobile’s contract simply stated that consumers should notify them “promptly.”⁶⁵ Many of the carriers,

⁶² AT&T Wireless Customer Agreement, http://www.wireless.att.com/cell-phone-service/legal/index.jsp?q_termsKey=wirelessCustomerAgreement&q_termsName=Wireless+Customer+Agreement (last visited June 7, 2011).

⁶³ Metro PCS and T-Mobile provide more detailed information in their contracts for California consumers and their additional rights against disputed charges. US Cellular refers to California consumer rights but does not provide specific language.

⁶⁴ Metro PCS and Cricket both consider consumers who do not pay in full in default, but do not provide specific information on late fees in their contracts.

⁶⁵ Virgin Mobile Terms of Service, <http://www.virginmobileusa.com/legal/terms-of-service-no-annual-contract> (last visited June 9, 2011).

including Boost, CREDO Mobile, Cricket, MetroPCS, Sprint and T-Mobile require consumers to notify them of disputed charges within 60 days. A few carriers, including Verizon and US Cellular (postpay customers) provide longer time periods of up to 180 days to report disputed charges.

US Cellular and Verizon provide different timelines for their customers depending on whether the consumer has a prepaid or a postpay wireless plan. For instance, US Cellular prepaid customers must make a report within 30 days after the charge has incurred on the account, while their postpay customers must make a report within 180 days from the date of the bill.⁶⁶ Verizon requires notification within 180 days for both prepaid and postpay customers, but the timeline differs for prepaid customers who do not receive their bills by mail. The timing for “receipt” of notice is shortened for prepaid Verizon customers who receive their bills via email or fax.⁶⁷

How to report disputed charges to wireless carriers

- 12 of the 18 wireless carrier contracts we reviewed provide different instructions on how to notify the wireless carrier of disputed charges or for lost or stolen mobile devices. The remaining 6 contracts were silent on how consumers may notify their carriers of disputed charges or lost or stolen mobile phones.

Consumers must also look to the contract to determine how to properly inform the wireless carrier of a lost or stolen mobile device, or of disputed charges. Some wireless carriers require consumers to make requests in writing, otherwise requests are considered invalid and waive consumers’ rights to further action with the carrier, in arbitration or in court. Carriers such as Virgin Mobile and CREDO Mobile require consumers to make a call. US Cellular, Sprint and AT&T require consumers to look for the contact information on the bill or invoice.

Provide Strong Consumer Protections for All Mobile Payments

Please refer to Appendix C for a more detailed discussion on policy recommendations

Policymakers and industry leaders must take action to ensure that consistent consumer protections apply for all mobile payment methods. Without stronger and more consistent protections for all mobile payments, consumers will risk losing money depending on which payment method they use. Consumers should have strong guaranteed protections as those provided to credit and debit cards for all mobile payments, which includes protections against unauthorized charges and other errors that may occur.

These protections should include:

- Limited liability for unauthorized transactions to \$50 when false charges are made due to a lost or stolen mobile device;

⁶⁶ US Cellular Prepaid Terms and Conditions, <http://www.uscellular.com/plans/prepaid/terms-and-conditions.html>; US Cellular Customer Service Agreement, <http://www.uscellular.com/site/legal/customer-service-agreement.html> (last visited June 8, 2011).

⁶⁷ Verizon Wireless Customer Agreement, <http://www.verizonwireless.com/customer-agreement.shtml> (last visited June 8, 2011).

- Limited liability for erroneous charges to a prepaid wireless phone deposit or a wireless phone bill;
- Right to have missing funds from disputed transactions recredited within 10 business days;
- Right to withhold payment of any disputed charges while an investigation is pending and protection from penalties for withholding payment on these charges; and
- Ability for consumers to set a cap on the dollar amount for mobile payments which can be directly made to wireless accounts.

A few simple fixes to existing federal regulations will provide consumers with the strongest protections regardless of what type of payment method is used to make purchases with mobile devices. Regulations E and Z provide consumer protections from unauthorized transactions due to lost or stolen payment devices or other errors, the right of recredit, chargeback rights and limits on liability when they make payments using a credit card, debit card, or funds from their bank accounts. Regulation E ensures that consumers who link mobile payments to debit cards or bank accounts have limited liability for unauthorized transactions and errors, and a right to prompt recredit of missing funds while an investigation is pending. Regulation Z ensures that consumers who link mobile payments to credit cards have limited liability for unauthorized transactions and billing errors, a right to reverse a charge and withhold payment when goods and services are not delivered as agreed or not accepted by the consumer. The Consumer Financial Protection Bureau (CFPB) should clarify that Regulation E covers mobile payments debited against prepaid cards and prepaid phone deposits. The CFPB should also extend Regulation Z protections to mobile payments charged to wireless bills.

States can also play an important role by directly providing their residents with stronger protections for direct to mobile billing. States should follow California's lead by providing consumers with chargeback rights similar to those associated with credit cards. Consumers should be entitled to withhold payment of disputed or "unauthorized" charges. If the disputed charge has already been paid, the consumer should be credited within 30 days. Additionally, consumers should be able to "opt out" of allowing third parties to place charges on the wireless bill.

Until laws and regulations are changed to provide guaranteed protections to all ways to pay by mobile phone, mobile payment service providers can provide stronger protections similar to those described above through contract and product features. For example, consumers should also be able to place a cap on the dollar amount for mobile payments that are directly made to wireless accounts. Wireless companies such as Sprint and CREDO Mobile have an Account Spending Limit, which is a temporary or permanent cap (typically based on credit history, payment history, or to prevent fraud) placed on the amount of unpaid charges that can be accumulated on a consumer's account.⁶⁸ Another carrier, Liberty Wireless sets out an established limit of no more than \$100 per day to be

⁶⁸ See CREDO Mobile Customer Agreement, <http://www.credomobile.com/misc/Customeragreement.aspx> (last visited June 8, 2011); Sprint Service Agreement, https://manage.sprintpcs.com/output/en_US/manage/MyPhoneandPlan/ChangePlans/popLegalTermsPrivacy.htm (last visited June 8, 2011).

added to the account and is capped at \$250.⁶⁹ Consumers should have such additional control over third party transactions that can be made directly to their wireless bills.

Conclusion

Consumers need consistent and guaranteed protections regardless of the mobile payment method or product used. Whether consumers link their mobile payments to credit cards, debit cards, prepaid cards, gift cards or bill directly to their mobile phones, consumers should have strong guaranteed protections against losing their money if their mobile device is lost or stolen, or used to make unauthorized payments, or for other erroneous charges due to fraud or mistake.

Consumers can be protected by extending existing consumer protections provided by federal law and regulation. States can also play a vital role in better protecting their consumers from losing funds when payments are made directly to mobile phones. Providing these protections not only protects consumers, but will also help bolster consumer confidence in using mobile payment technologies which in turn will create more growth in the mobile payment marketplace.

For Other Helpful Information for Consumers

Please refer to Appendix D for Consumer Tips

⁶⁹ Liberty Wireless Terms and Conditions, <http://www.libertywireless.com/> (last visited June 8, 2011).

APPENDIX A							
Brief Description				Dispute Resolution			
Name of Product	Technology/Format	Forms of Payment	Allows you to:	Process	Time Limits	Date of Contract	URL
Payments Processors							
Square	Hardware connected to a smartphone or tablet processes payments from a credit card.	Linked to a credit card account.	Process credit card payments with a smartphone.	Refunds and returns must be in accordance with Network Rules. There are also contestable chargebacks.	Can process a refund up to 60 days from the date the payment is accepted.	As appeared on: 6/8/2011	https://squareup.com/legal/ua
Premium SMS based transactional payments							
Obopay	Text message, smart phone application, or web browser based payment processing	Credit, debit, or prepaid card	Make P2P exchanges	If you contact immediately Obopay they will stop unauthorized transactions and refund a proportion of the loss.	Contact Obopay 4 business days after you learn of the lost to lose no more than \$50; 90 days after the account history was made available to you to cap losses at \$500	As appeared on: 6/8/2011	https://www.obopay.com/corporate/en_US/terms.shtml
PayPal Mobile	Smart phone application or text message based payment processing	PayPal account, which can be linked to a credit card or bank account	Purchase goods from your phone via PayPal	PayPal's standard dispute resolution system where PayPal investigates the problem and disputants can communicate back and forth.	60 days after any unauthorized transaction or other error first appears in your Account history statement, time extension for good reason. Time period may vary depending on payment method.	Updated: Most recent: 5/24/2011	https://cms.paypal.com/us/cgi-bin/?cmd=_render-content&content_ID=ua/UserAgreement_full&locale.x=en_US

Name of Product	Brief Description			Dispute Resolution			
	Technology/Format	Forms of Payment	Allows you to:	Process	Time Limits	Date of Contract	URL
Amazon TextPayMe	Text message based payment processing	Amazon Account (which can be linked to a debit, credit, or gift card)	Purchase physical and digital goods via Amazon, also allows P2P exchanges	Chargebacks for physical goods. Also, a buyer dispute program with a complaint process resolved by Amazon. If buyer complains, Amazon can place disputed amount on hold (Sec. 7.5.1). Consumer must contact the seller first to resolve. If can't resolve with seller, then may use Buyer Dispute Program. If dispute involves sale of physical goods, may submit claim under A-Z Guarantee (Sec 7.5.3)		Updated: 10/28/2009	https://payments.amazon.com/sdui/sdui/helpTab/Personal-Accounts/User-Agreement-Policies/User-Agreement
Mobile Web Payments *							
iTunes	Software based digital media store	Credit, debit, PayPal, and gift cards	Purchase digital goods	none	N/A	Updated: 6/21/2010	http://www.apple.com/legal/itunes/us/terms.html#GIFTS
FaceCash	Digital wallet uses digital image of consumer's face for payment authorization	Bank account, cash, also offers other non-payment features	Purchase physical goods/services; P2P transfers	none	N/A	As appeared on FaceCash FAQ: 6/8/11	https://www.facecash.com/individuals.html

Name of Product	Brief Description			Dispute Resolution			
	Technology/Format	Forms of Payment	Allows you to:	Process	Time Limits	Date of Contract	URL
Contactless (NFC)							
BlingNation	NFC based payment processing	PayPal Account Only	Purchase physical goods/ services	Refer to PayPal	Refer to PayPal	As appeared on: 5/2/2011	http://webcache.googleusercontent.com/search?q=cache:bnmzOeKajRwJ:www.blingnation.com/paypal/print_terms_consumers+blingnation+terms&cd=1&hl=en&ct=clnk&gl=us&client=firefox-a&source=www.google.com
Direct Mobile Billing							
mGive	Text message based payment processing	Carrier billing	Make charitable donations	none	N/A	Updated: 3/1/2009	http://www.mgive.com/terms/a/
Boku/Paymo	Web initiated, text message based payment processing service	Carrier billing	Purchase digital goods	none	N/A	Updated: 10/18/2010	http://www.boku.com/about/terms/
Zong	Web initiated, text message based payment processing service	Carrier billing (other payment methods, such as a credit card, can be used with a Zong+ account)	Purchase digital goods	none	N/A	As appeared on: 5/19/2011	http://www.zong.com/help/terms
Facebook	Web based payment processing	Debit or credit, PayPal, or carrier billing can be used to purchase "credits"	Purchase digital goods	Facebook may intervene in a dispute with a third party, but is not obligated to.	Must submit within 30 days after the charge	Updated: 8/25/2010	http://www.facebook.com/payments_terms/
mopay	Text message based payment processing	Carrier billing	Purchase digital goods	Call and request a full refund of all charges.	First 30 days, full refund.	Updated: 6/15/2010	http://www.mopaytxt.com/mopaycontent/mobile/agb.action

Name of Product	Brief Description			Dispute Resolution			
	Technology/Format	Forms of Payment	Allows you to:	Process	Time Limits	Date of Contract	URL
Payment One	Form of payment processing varies by merchant partner company	Carrier billing (other options are available)	Purchase digital goods	none	N/A	N/A	N/A
Bill to Mobile	Web initiated, text message based payment processing service	Carrier billing	Purchase digital goods	Consumer must attempt a resolution with the merchant, then can file dispute with Bill to Mobile on website. Merchant has 20 calendar days from the dispute filing to resolve dispute with consumer. If dispute is not resolved, the dispute is escalated to BilltoMobile who will provide a final and binding resolution within 40 calendar days.	90 days from transaction date	Updated: 10/26/2010	https://www.billto mobile.com/about/legal/terms_of_use.aspx

* Obopay and PayPal Mobile also provide mobile web payment applications

APPENDIX B									
Wireless Company	Prepaid Plan Offered	Monthly Plan Offered	Timeframe to Dispute Charges	Process to Dispute Charges	Consumer Liability if Mobile Device is Lost/Stolen	Requirement to Pay Disputed Amount During Investigation	Notice to California consumers about chargeback rights*	Contract Date	URL
Alltel		X	Contract Does Not Specify	Contract Does Not Specify	Theft or Fraud-- If consumer's service or equipment is lost or stolen or fraudulently used, then consumer is responsible for all usage incurred before Alltel receives notice from the consumer of such loss or theft. The consumer agrees to cooperate in the investigation of fraud or theft and to provide Alltel with such information and documentation as may be requested (including affidavits and police reports).	Yes	Contract Does Not Specify	As appeared on: 6/8/2011	http://www.alltelwireless.com/misc/terms-and-conditions.html
Alltel	X		Contract Does Not Specify	Contract Does Not Specify	Theft or Fraud-- If consumer's service or equipment is lost or stolen or fraudulently used, then consumer is responsible for all usage incurred before Alltel receives notice from the consumer of such loss or theft. The consumer agrees to cooperate in the investigation of fraud or theft	Yes. Prepaid plans only, funds already deducted. If damages are found in favor of consumer, Alltel's liability will not exceed the consumer's pro-rated monthly recurring charge	Contract Does Not Specify	As appeared on: 6/8/2011	http://www.alltelwireless.com/misc/terms-and-conditions.html (click on link for Alltel U Personalized Prepaid Terms and Conditions)
AT&T		X	Within 100 days of the date of the bill	In writing. For lost/stolen mobile device, call number listed on the bill or at wireless.att.com .	Consumer is not liable for charges the consumer did not authorize, but the fact that a call was placed from the consumer's device is evidence that the call was authorized. If there are charges made after the device was lost/stolen, but before it is reported to AT&T, notify AT&T of the disputed charges and AT&T will investigate...AT&T will advise the consumer of the result of the investigation within 30 days.	Yes. Late payments may be assessed, either \$5 or 1.5% of the balance depending on the state.	Yes. If consumer does not agree with the outcome of AT&T's investigation, consumer may file a complaint with the California Public Utilities Commission and may have other legal rights. While an investigation is underway, the consumer does not have to pay any disputed or associated late charges, and AT&T will not send the disputed amount to collection or file an adverse credit report about it.	As appeared on: 6/8/2011	http://www.wireless.att.com/cell-phone-service/legal/index.jsp?q_terms=wirelessCustomerAgreement&q_termsName=Wireless+Customer+Agreement&print=true
Boost	X		Within 60 days of the date Boost will deduct the charge from the consumer's account balance	In writing	If device lost or stolen, call Boost immediately or consumer may be responsible for usage charges before notifying	Prepaid plans only, funds already deducted	Contract Does Not Specify	6/19/2011	http://support.boostmobile.com/service_policies/terms.html
Cellular One	X	X	Contract Does Not Specify	Contract Does Not Specify	Must notify Cellular One immediately and provide documentation as requested. Consumer will be responsible for losses before notification	Yes, regardless of the status of any objection. Late payments may be charges \$10 or 2% (1.5% for MT residents) of the unpaid balance (whichever is greater)	Contract Does Not Specify	Last revised: 12/27/2010	http://www.cellonena tion.com/termsconditions.php
Cellular South	X	X	Contract Does Not Specify	Contract Does Not Specify	Contract Does Not Specify	Yes, otherwise considered in default. For Prepaid Service and/or charges for prepaid Service are not refundable, and no refunds or other compensation will be given for unused prepaid balances, lost or stolen prepaid cards, or coupons.	Contract Does Not Specify	Last revised: 10/2010	https://www.cellularsouth.com/cscommerce/global/general_landing.jsp;jsessionid=tJTLNwGG11KrnQFCd3kTPMyc0vqYkgQvZTsvL8JTC9NK7ChJS24!-2091825025?id=/generic/customerServiceAgreement

Wireless Company	Prepaid Plan Offered	Monthly Plan Offered	Timeframe to Dispute Charges	Process to Dispute Charges	Consumer Liability if Mobile Device is Lost/Stolen	Requirement to Pay Disputed Amount During Investigation	Notice to California consumers about chargeback rights*	Contract Date	URL
Cincinnati Bell	X	X	Received by 30 days after receipt of the invoice	In writing marked "Billing Dispute" on the outside of the envelope to the address on the invoice	Contract Does Not Specify	Yes. Late Payments/Disputes. Time is of the essence for payment. Therefore, the consumer agrees to pay Liberty Wireless a late payment fee for amounts over \$25 unpaid 20 days after the date of the invoice in an amount equal to 2.0% of the balance, \$5 or the max amount allowed by law (whichever is greater). If amounts due, including disputed amounts, must be paid by the due date regardless of the status of any objection.	Contract Does Not Specify	Last revised: 4/2011	http://www.cincinnati-bell.com/shared_content/pdf/wireless/cbw_termsconditions_040111.pdf
CREDO Mobile		X	Within 60 days of the date of the invoice	calling CREDO Customer Service	If the consumer's phone or other equipment is lost/stolen, the consumer must notify CREDO by calling CREDO Customer Service. The consumer is responsible for monthly recurring charge during the period before notifying CREDO of the loss or theft.	No. The consumer does not have to pay any properly disputed amounts while they are being investigated by CREDO	Contract Does Not Specify	As appeared on: 6/8/2011	http://www.credomobile.com/misc/Customeregreement.aspx
Cricket	X	X	Within 60 days after the billing date	Contract Does Not Specify	Upon acceptance of delivery of a wireless device, all risk of loss, damage, theft or destruction of the device is borne by the consumer.	Yes, otherwise considered in default, but no further information specified about potential late fees for default or late payment	Contract Does Not Specify	5/19/2011	http://www.mycricket.com/support/terms-and-conditions
Liberty Wireless	X		Within 14 days of disputed charge	call 1-866-558-1048	If lost or stolen phone, notify immediately and will suspend account. Consumer is responsible for usage until account is suspended.	Yes. If error was made, account will credited.	Contract Does Not Specify	As appeared on: 6/8/2011	http://www.libertywireless.com/
MetroPCS	X		Within 60 days after the date the consumer first receives a disputed bill or charge	In writing	If consumer's wireless device gets lost or stolen, the consumer should notify MetroPCS immediately, so they can suspend the consumer's service to prevent someone else from using it.	Yes, otherwise in default, but no further information specified about potential late fees for default or late payment. Consumer is responsible for all charges to the account, whether or not the consumer was the user of the wireless device.	Yes. For CA customers, for charges incurred before the consumer notifies MetroPCS, the consumer is not liable for charges the consumer did not authorize, but the fact that the consumer's wireless device was used is some evidence of authorization. If MetroPCS determines the charges were unauthorized, they will credit the consumer's account. If Metro PCS determines the charges were authorized, they will inform the consumer within 30 days and the consumer will remain responsible for the charges.	Last revised 1/24/2011	http://www.metropcs.com/privacy/terms.aspx
nTelos	X	X	Contract Does Not Specify	Contract Does Not Specify	Contract Does Not Specify	Contract Does Not Specify	Contract Does Not Specify	As appeared on: 6/8/2011	http://nteloswireless.com/1pdfs/TermsandConditions0108.pdf
Sprint	Affiliated with Virgin or Boost	X	Within 60 days after the billing date	Calling or in writing as directed on invoice	Call Sprint immediately. If device lost or stolen, consumer may be responsible for charges made before notifying of alleged loss or theft, and still liable for monthly recurring charges.	Yes. Undisputed charges must still be paid as stated on the consumer's bill. May be subject to late fees for late payment at the highest charge permitted by law (amount undisclosed in contract).	Contract Does Not Specify	As appeared on: 6/8/2011	https://manage.sprintpcs.com/output/en_US/manage/MyPhoneandPlan/ChangePlans/popLegalTermsPrivacy.htm

Wireless Company	Prepaid Plan Offered	Monthly Plan Offered	Timeframe to Dispute Charges	Process to Dispute Charges	Consumer Liability if Mobile Device is Lost/Stolen	Requirement to Pay Disputed Amount During Investigation	Notice to California consumers about chargeback rights*	Contract Date	URL
T-Mobile	X	X	Within 60 days after the date the consumer first receives the disputed bill or charge (20 days for Puerto Rico residents)	In writing	Will not be responsible for charges made after report of lost/stolen device	Yes. May be subject to a late fee of \$5/mo or 1.5% (whichever is greater as permitted by law)	Yes. For charges incurred before the consumer notifies T-Mobile, the consumer is not liable for Charges the consumer did not authorize, but the fact that the consumer's device or account was used is some evidence of authorization. If T-Mobile determines the charges were unauthorized, they will credit the consumer's account. If T-Mobile determines the charges were authorized, T-Mobile will inform the consumer within 30 days and the consumer will remain responsible for the charges.	Last revised 7/18/2010	http://www.t-mobile.com/Templates/Popup.aspx?Paset=Ftr_Ftr_TermsAndConditions&print=true
US Cellular		X	180 days from the date of the bill	Contact as instructed on bill	If consumer claims unauthorized charges on an account on a lost/stolen phone, the consumer must report the phone as lost/stolen immediately so US Cellular may investigate the consumer's claim. Claim investigated within 30 days.	Yes. Responsible for payment of all charges to the bill. Will conduct investigation of unauthorized charges within 30 days. If determine charges were unauthorized, will credit the account. May charge a late fee of \$5 for a late payment or 1.5%/month. NOT required to pay for disputed amounts for lost/stolen phones if reported immediately.	Yes, refers to CA law but does not provide specific language	As appeared on: 6/8/2011	http://www.uscellular.com/site/legal/customer-service-agreement.html
US Cellular	X		Notify US Cellular within 30 days after any charge is incurred on the account	Contract Does Not Specify	Consumer is liable for all costs until report of lost/stolen phone is made. Report must be made within 30 days. A police report or sworn statement of lost/stolen phone may be required.	Yes. May be subject to a late fee of \$5/mo or 1.5% (whichever is greater as permitted by law)	Contract Does Not Specify	As appeared on: 6/8/2011	http://www.uscellular.com/plans/prepaid/terms-and-conditions.html
Verizon		X	180 days from the date rec'd bill, or for prepaid customers, within 180 days from the date of the disputed charge. For Postpay customers, "received" is 3 days after bill is sent. For Prepaid customers, "received" is immediately if sent by email or fax, or after 3 days if mailed.	Call, but to preserve legal rights, must write to customer service address on bill, send an email through "contact us" link on verizonwireless.com or send completed mediation request form.	Must notify right away. For postpay customers and lost/stolen wireless device used after reported, will review account activity and any other info. Consumer may be provide 30 day courtesy suspension of monthly recurring charges until wireless device is recovered or replaced, whichever comes first.	Yes, unless otherwise provided by law or unless the consumer is disputing charges because of a lost or stolen wireless device. Consumer may be assessed a late fee of up to 1.5%/mo or \$5/mo for postpay customers and if Verizon doesn't receive payment on time. If lost/stolen device, the consumer does NOT have to pay for disputed charges and will be provided 30 day suspension of recurring monthly charges if didn't have one in past year.	No, but refers to vague "unless otherwise provided by law"	Last revised 5/11/2011	http://www.verizonwireless.com/customer-service-agreement.shtml
Virgin Mobile	X		Notify "promptly" after charge appears on account	Call Virgin Mobile At Your Service at 1-888-322-1122	Contract Does Not Specify	Yes. If Virgin Mobile determines that the disputed charge was inappropriate and was raised by the consumer in a timely manner, Virgin Mobile will credit, refund or provide other compensation to the consumer. Virgin Mobile is not liable for any charges for products or services provided by third parties through and for use on Virgin mobile phones, devices and network. If an unauthorized or disputed charge for a third-party product or service appears in the consumer's account history, the consumer must contact that third party directly.	Contract Does Not Specify	Last revised 8/26/2010	http://www.virginmobileusa.com/legal/terms-of-service-no-annual-contract

*California consumers have protections similar to credit card protections, such as chargeback rights, or the right to reverse charges. California consumers have additional rights under a California Public Utilities Code which includes the right to withhold payment on disputed amounts, and the wireless carrier must conduct an investigation within 30 days.

Appendix C

Policy Recommendations for Mobile Payments¹

Until payments law is harmonized to protect all consumers no matter how they pay, including by mobile phone, federal and state policymakers can make a few simple fixes to ensure that consumers at least have legal protections against unauthorized transactions and clear ways to dispute charges.

The new Consumer Financial Protection Bureau (CFPB) and states can take a few simple steps to harmonize existing laws and ensure that all consumers making mobile payments have guaranteed consumer protections:

- At the federal level, the CFPB should ensure that Regulation E is properly enforced to protect consumers who charge mobile payments against prepaid phone deposits. Clarify Regulation E to explicitly include prepaid phone deposits under the definition of “account,” and wireless carriers holding deposits under the definition of “financial institution”;
- At the federal level, the CFPB should ensure that consumers who charge mobile payments to phone bills have the same mandatory protections against unauthorized transactions and billing errors as consumers who use credit cards. Clarify Regulation Z to explicitly include wireless carriers under the definition of “card issuer”;
- At the federal level, the CFPB should provide chargeback rights for payments linked to bank debit cards, prepaid cards and prepaid phone deposits. Amend Regulation E to include a right to reverse disputed charges where the goods and services are not as delivered or agreed upon, similar to the rights now provided to credit card or charge card users under the Fair Credit Billing Act;
- At the state level, policymakers should protect all consumers who make “noncommunications-related” mobile payments transactions linked to prepaid phone deposits or phone bills by passing legislation or adopting regulations that establish mandatory protections against unauthorized transactions, with a right of recredit, and a right to reverse disputed charges where the goods or services are not as delivered or agreed upon. These protections are already the law in California.

I. Solutions to Better Protect Consumers and Foster New Mobile Payments Technology

- A. *The CFPB Can Clarify Existing Regulations to Give Consumers a Right to Recredit of Stolen Funds and a Right to Reverse Charges Stemming from a Merchant Dispute*

¹ The analysis and recommendations in this Appendix were originally drafted by Consumers Union for a forthcoming law review article on mobile payments. See Suzanne Martindale & Gail Hillebrand, *Pay at Your Own Risk? How to Make Every Way to Pay Safe for Mobile Payments*, BANKING & FIN. L. REV. (forthcoming Fall 2011), available at http://www.defendyourdollars.org/2011/03/new_cu_article_how_to_make_eve.html.

Starting July 2011, the CFPB can address gaps in consumer protections for ways to pay by clarifying existing regulations. The Federal Reserve Board, which previously held rulemaking authority under EFTA and TILA, has failed to address these gaps despite consumer advocates' repeated efforts.²

The CFPB should clarify that a consumer's prepaid deposit accessed by a card, code or device is an "account," and that the wireless carrier holding the deposit is a "financial institution" under Regulation E.³ This would provide consumers with the same protections that consumers with bank account-linked debit cards already receive: limited liability for unauthorized transactions resulting from a lost/stolen phone (\$50 if reported within two business days, \$500 or more thereafter); no liability for unauthorized transactions not involving a lost or stolen phone, if reported within 60 days; and the right to be recredited the amount of an unauthorized transaction within 10 business days of disputing that charge, unless the financial institution determines within that time that an error did not occur.⁴

The CFPB should also clarify that a wireless carrier is a "card issuer," so mobile payments placed on a pay-later plan are explicitly covered by the provisions of Regulation Z that give consumers the right to dispute unauthorized transactions and billing errors. This would provide consumers with the same protections credit cardholders receive: absolute \$50 limit on liability for unauthorized transactions; the right to dispute an unauthorized charge and a charge for the wrong amount; and chargeback rights in case of a good faith dispute with a merchant over "goods or services not accepted by the obligor or his designee or not delivered to the obligor or his designee in accordance with the agreement made at the time of a transaction."⁵

Furthermore, the CFPB can use its rulemaking authority under EFTA and TILA to extend chargeback rights to all ways to pay. Currently, only credit cardholders have the right to reverse a charge with the issuer when goods or services are not delivered as agreed or are not accepted by the consumer.⁶ It is poor public policy to tie the best consumer protections to borrowing money with credit cards, especially when many consumers either carry a revolving balance – the cost of which arguably undercuts the benefit of chargeback protections – or simply do not have credit cards at all.⁷

² See, e.g., Letter from Consumers Union et al. to Federal Reserve Board (Oct. 28, 2004) (supporting extension of Regulation E protection to payroll cards, but cautioning that all prepaid cards holding consumers' household funds should have Regulation E protections); Letter from Consumers Union et al. to Federal Reserve Board (Feb. 14, 2006) (same).

³ This would resolve both the pooled account loophole for prepaid cards and any ambiguity about the coverage of prepaid deposits to phone accounts.

⁴ See 15 U.S.C. § 1693f(d) (financial institution need not recredit consumer's account if it determines within 10 business days that error did not occur).

⁵ 15 U.S.C. § 1666(b)(3).

⁶ § 1666.

⁷ A 2010 Consumer Reports survey showed that 37% of U.S. households do not hold a credit card. Of the 63% of U.S. households who held at least one credit card, 42% reported carrying a balance. The results show that only 26% of U.S. households both hold a credit card and do not carry a balance. Just over one quarter of U.S. households, then, have access to the credit card chargeback remedy without paying an interest charge on the purchase. Consumer Reports Nat'l Research Ctr., Credit Card Survey (2010) (on file with authors).

In addition, the CFPB can use its rulemaking authority to declare it an “unfair” practice not to provide these protections.⁸ The CFPB has jurisdiction over “covered persons” providing consumer financial products or services, including payments services.⁹ The CFPB has rulemaking and enforcement authority to prevent such covered persons from engaging in unfair, deceptive, and abusive practices.¹⁰ Wireless carriers that provide payments services, such as mobile payments charged to prepaid deposits and phone bills, should be covered persons subject to CFPB’s rulemaking and enforcement authority.

B. States Should Adopt Rules on Unauthorized Charges to a Mobile Phone Account Similar to the California Rule

Until the CFPB takes action to explicitly provide strong consumer protections to mobile payments linked to prepaid phone deposits or phone bills, states can adopt rules to protect their residents against all unauthorized or disputed transactions on their phone accounts, including mobile payments charges. States should look to California, which has taken a substantial first step in protecting consumers who have noncommunications-related charges to their phone accounts.

State legislatures and public utilities agencies can follow California’s lead by providing consumers with the following protections:

- No liability for unauthorized charges placed on prepaid deposits or phone bills, where “unauthorized” is defined broadly to include disputed charges involving the acceptability or delivery of goods and services, or charges for the wrong amount;
- A right to reverse the charge with the wireless carrier and withhold payment while an investigation is pending; and
- A right to prompt recredit if the disputed charge has already been paid.

California’s approach is also a useful model for federal reform. The CFPB can use its rulemaking authority under EFTA and TILA to provide the same protections against unauthorized transactions, a right of recredit, and chargeback rights to all consumers who pay by cell phone, regardless of whether they have a prepaid phone plan or a pay-later phone plan.

II. Product Features to Enhance Consumer Protections

In addition to the essential regulatory changes recommended here, wireless carriers and mobile payments service providers could offer product features that enhance consumer protections against unauthorized transactions and other disputed charges. These features would better protect consumers regardless of how the consumer links the payment.

⁸ Section 1031 of the Dodd-Frank Act gives the CFPB authority to write rules regarding unfair, deceptive or abusive acts or practices. Pub L. No. 111-203, 124 Stat. 1376, 2005-06.

⁹ *Id.* § 1002(15)(A)(vii), 124 Stat. at 1957-58.

¹⁰ *Id.* § 1031(a), 124 Stat. at 2005.

Product features:

- PIN protections on the mobile payments service, to prevent a thief or unauthorized user from making charges with the phone;
- Daily amount limits and transaction limits, to prevent a thief or unauthorized user from making several or large dollar-amount charges;
- Safe, thoroughly-tested payments technology for initiating mobile payments, to prevent fraud and identity theft;¹¹

Contract features:

- Short, simple wireless contracts with clear error resolution procedures, so that consumers know how, when, and where to complain if they find unauthorized or erroneous charges to their prepaid deposits or phone bills. The major wireless carriers currently provide few protections by contract;¹²
- At minimum, all the rights and protections currently provided by California's new CPUC rule; and
- At minimum, all the rights and protections currently provided to consumers who pay by debit or credit card.

Providing baseline legal protections as well as these product features would enable consumers to choose mobile payments services based on price and convenience, without having to worry about whether the underlying payment method may leave their money at risk.

¹¹ See Rimma Kats, *How to Compromise the Starbucks Rewards Card App in 90 Seconds* MOBILE COMMERCE DAILY, Feb. 9, 2011, available at <http://www.mobilecommercedaily.com/2011/02/09/how-to-compromise-the-starbucks-rewards-card-app-in-90-seconds>.

¹² See, e.g., Verizon Wireless, Customer Agreement, http://www.verizonwireless.com/b2c/globalText?textName=CUSTOMER_AGREEMENT&jspName=footer/customerAgreement.jsp (chargeback rights for lost or stolen phones, but not for billing errors; silent on mobile payments charges); AT&T Wireless, Customer Agreement, <http://www.wireless.att.com/learn/articles-resources/wireless-terms.jsp> (holds consumers responsible for all charges; chargeback may apply for lost or stolen phone but not for billing errors); T-Mobile, Terms and Conditions, http://www.t-mobile.com/Templates/Popup.aspx?WT.z_unav=ftr_TC&PAsset=Ftr_Ftr_TermsAndConditions&print=true (no chargeback rights).

APPENDIX D: 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>.