



PREVENTIVE LAW SERIES
FAIR CREDIT BILLING ACT



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WHAT IS THE FCBA?

The Federal Fair Credit Billing Act (FCBA) helps consumers resolve disputes with creditors and ensures that credit accounts are handled fairly.

WHAT CREDIT TRANSACTIONS ARE COVERED BY THE FCBA?

The FCBA generally applies only to "open end" credit accounts, including credit cards, revolving charge accounts (such as department store accounts), overdraft checking, and any other installment accounts. The periodic bills or billing statements you receive (usually monthly) for such accounts are covered by the FCBA. The Act does not cover loan or credit sales that are paid back according to a fixed schedule or disputes over the quality of goods or services. Examples for credit transactions covered by the FCBA are:

1. Unauthorized charges to your account
2. Charges with an incorrect amount or identification
3. Charges for goods you did not accept or which were never delivered
4. Computing errors
5. Failure to properly reflect payments made or other credits, such as refunds or returns
6. Not mailing your statement to the correct address (if you provided the new address)
7. Charges for which you have requested proof or an explanation

WHAT IF MY FCBA RIGHTS ARE VIOLATED?

Most people pick up a phone and call the creditor when an error occurs. While this may resolve your problem quickly, it does not trigger your rights under the FCBA. To protect yourself, you must send a written billing error notice to the creditor and it must get there within 60 days after the bill containing the error was mailed to you. Your letter should include your name and account number, a statement that you believe your account statement contains an error, and the reason you believe there is a mistake. Send your notice "certified mail, return receipt requested" so that you have proof of the mailing. If you send documents, always keep copies for yourself.

WHAT HAPPENS THEN?

The creditor must either acknowledge your notice in writing or resolve your problem within 30 days after receiving your notice. They must then complete an investigation within 2 billing cycles (not more than 90 days) and either correct the error or explain why the bill is correct. While the bill is being disputed, you may withhold payment of the amount in dispute. **You are still required to pay the rest of the bill that is not disputed.** The creditor cannot take any legal or other action (including threatening to damage your credit or report you to a credit agency) to collect the disputed amount while the settlement procedure is going on.

IF THE BILL WAS INCORRECT

The creditor must make appropriate corrections in the account including any finance charges on amounts incorrectly billed, and send a notification of the corrections to you.

IF THE BILL WAS CORRECT

The creditor must conduct an investigation and promptly send a written explanation of how much you owe and why they believe the account was shown correctly in the billing statement. You may also obtain any copies of relevant documents. You will then owe the disputed amount, plus all finance charges that accumulated while it was in dispute.

IF YOU STILL DISAGREE

If you still feel the bill is wrong even after the FCBA procedure has ended, you may write the creditor within 10

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days after receiving the explanation and state that you still refuse to pay the disputed amount. The creditor may then begin collection procedures. However, if the creditor reports the bill to a credit agency, they must also state that you dispute the debt.

YOUR REMEDIES IF THE CREDITOR VIOLATES THE FCBA

If a creditor fails to follow the provisions of the FCBA, they may not collect the amount in dispute or any charges related to it, up to \$50 (even if the bill is correct). You may also sue a creditor for damages resulting from violations of the FCBA, plus twice the amount of any finance charge (not less than \$100 or more than \$1,000). If you feel your situation warrants a lawsuit under the FCBA, consult an attorney about your options.

CARDHOLDER LIABILITY FOR UNAUTHORIZED USE

According to the FCBA, credit card holders are liable for unauthorized use of the card ONLY up to fifty dollars (\$50.00) provided that the cardholder notifies the bank/creditor within 60 days of the unauthorized use.

RESOURCES

Federal Trade Commission: (877) FTC-HELP; www.consumer.ftc.gov/features/feature-0009-military-families

- Consumer Information: www.consumer.ftc.gov; (877) FTC-HELP
- File a Consumer Complaint: www.ftccomplaintassistant.gov
- Fair Credit Billing Act, 15 U.S.C. §§ 1601, et. seq. (2012).

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