

HOUSE BILL REPORT

SSB 5278

As Passed House:
April 16, 2019

Title: An act relating to reporting suspected fraud and theft of payment cards.

Brief Description: Concerning reporting suspected fraud and theft of payment cards.

Sponsors: Senate Committee on Financial Institutions, Economic Development & Trade
(originally sponsored by Senators Mullet and Wilson, L.).

Brief History:

Committee Activity:

Consumer Protection & Business: 3/19/19, 3/20/19 [DP].

Floor Activity:

Passed House: 4/16/19, 96-0.

Brief Summary of Substitute Bill

- Directs financial institutions to list a phone number for cardholders and merchants to report suspected incidents in which payment cards are used fraudulently or have been stolen.
- Requires financial institutions to have employees or contractors available during business hours to receive phone calls and provide assistance to cardholders that suspect fraud or that their cards have been stolen.

HOUSE COMMITTEE ON CONSUMER PROTECTION & BUSINESS

Majority Report: Do pass. Signed by 13 members: Representatives Kirby, Chair; Reeves, Vice Chair; Vick, Ranking Minority Member; Hoff, Assistant Ranking Minority Member; Barkis, Blake, Dufault, Ryu, Santos, Stanford, Volz, Walen and Ybarra.

Staff: Robbi Kesler (786-7153).

Background:

Federal laws require certain consumer protections for lost or stolen credit and debit cards.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Fair Credit Billing Act of 1974.

The Fair Credit Billing Act (FCBA) applies to "open end" accounts such as credit cards and revolving charge accounts. The FCBA lays out consumers' rights to dispute credit card issuers' charges.

Consumers have 60 days from the time they receive their credit card bill to dispute a charge with a card issuer. Charges must be over \$50 to be eligible for dispute. They may be unauthorized, display an incorrect date or amount, or contain calculation errors. If a good or service was not delivered, the charge can be disputed. The consumer must make their complaint in writing and mail it to the issuer.

The card issuer has 30 days to acknowledge receipt of a complaint. The card issuer then has two billing cycles to complete its investigation; during that time the issuer is not allowed to try to collect the payment, charge interest, or report the account to credit bureaus as late. If the card issuer finds that the disputed payment was invalid, it must correct the error and refund any fees or interest charged as a result. If the card issuer finds there was no error, it must explain its findings and, upon request, provide documentation to back up the findings.

If a card was lost or stolen, consumers may dispute charges by phone rather than in writing. If an unauthorized user makes purchases with a card, the card holder's liabilities are limited to \$50.

The Electronic Fund Transfer Act of 1978.

The Electronic Fund Transfer Act (EFTA) applies to electronic fund transfers, such as those involving automatic teller machines, point-of-sale debit transactions, and other electronic banking transactions. The EFTA is intended to protect individual consumers engaging in electronic fund transfers (EFT). The EFT services include transfers through automated teller machines, point-of-sale terminals, automated clearinghouse systems, telephone bill-payment plans in which periodic or recurring transfers are contemplated, and remote banking programs.

Summary of Bill:

A financial institution that issues payment cards shall list a phone number on its website for cardholders and merchants to report suspected incidents in which payment cards are used fraudulently or have been stolen.

Financial institutions that issue payment cards must have employees or contractors available during business hours to receive phone calls and provide assistance to cardholders that suspect fraud or that their cards have been stolen.

"Payment card" means a credit card, charge card, debit card, stored value card, or any card that is issued to an authorized card user and that allows the user to obtain goods, services, money, or anything else of value from a merchant.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) Consumers should be able to easily find a phone number that connects to a person able to assist during business hours, to help cut down on fraudulent use of payment cards. This bill will help consumers contact and report fraud to financial institutions when they believe their account has been subject to fraud, which will help cut down on damages and financial loss that are a result of fraudulent activity. This bill will allow consumers to take quick action to protect themselves.

(Opposed) None.

Persons Testifying: Senator Mullet, prime sponsor; and Brittany Gregory, Washington State Office of the Attorney General.

Persons Signed In To Testify But Not Testifying: None.