FINAL BILL REPORT
SSB 5278

C 186 L 19
Synopsis as Enacted

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.).

Senate Committee on Financial Institutions, Economic Development & Trade
House Committee on Consumer Protection & Business

Background: The Fair Credit Billing Act (FCBA) and the Electronic Fund Transfer Act (EFTA) offer protection if credit, ATM, or debit cards are lost or stolen.

Fair Credit Billing Act of 1974. 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, that 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. They then have two billing cycles to complete their investigation; during that time the issuer is not allowed to try to collect the payment, charge interest on it, or report it 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 it finds there was no error, it must explain its findings and, upon request, provide documentation to back them up.

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. EFTA is intended to protect individual consumers engaging in electronic fund transfers (EFTs). EFT services include transfers through automated teller machines, point-of-sale terminals, automated clearinghouse systems,

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telephone bill-payment plans in which periodic or recurring transfers are contemplated, and remote banking programs.

Credit Card Fraud Statistics. According to the Federal Trade Commission, in 2017 there were 133,015 reports of credit card fraud in the United States, and it is the most common type of identity theft. The telephone is the initial method of contact reported for fraud in 70 percent of these types of cases.

Summary: Financial institutions are directed to list a phone number for cardholders and merchants to report suspected incidents in which payment cards are used fraudulently or have been stolen. Financial institutions 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.

Votes on Final Passage:

Senate	47	0
House	96	0

Effective: July 28, 2019