

Chapter 9-Section 3

Consumer Protection Laws

Fair Credit Reporting Act

- Grants you the right to know what is in your credit file
- Gives you the ability to see who has seen your file
- Right to view credit file within 30 days of being denied credit
- Right to have inaccurate information investigated, corrected or deleted from file
- Credit bureau is required to issue a new report to creditors
- Right to have personal statement added to clarify damaging information if it is misleading

Credit Reports

- The Fair Credit Reporting Act allows for a consumer to have 1 free credit report annually from each of the three credit bureaus
- [Annualcreditreport.com](https://www.annualcreditreport.com)

Why should you review your Credit Report?

- Check credit report regularly to be sure there are no errors
- Inaccurate information can result in higher interest rates on loans and credit cards
- Inaccurate information can prevent you from getting a loan, impact your employment, prevent you from renting a home/apartment
- Check your credit report to prevent fraud/Identity theft-look for things that are not yours or credit inquiries from places you didn't try to get credit

Credit Protection Service

- Credit Protection Service—a plan that provides credit monitoring for a fee
 - Notifies you of changes to your credit file
 - Examples: LifeLock, IDShield, IdWatchDog, IdentityForce

Truth-in-Lending Act

- Requires lenders to fully inform consumers about the cost of credit in a loan or credit agreement
- Following information must be given in writing before an agreement is signed:
 - Description of item being purchased
 - Cash price of item
 - Down payment or trade-in price
 - Amount financed
 - Any service fees or other costs being added to the price
 - Finance charge
 - Annual percentage rate
 - Deferred-payment price
 - Amounts and dates of payments
 - Method of computing finance charge in case of early payoff

Credit Card Act of 2009

- A comprehensive reform to credit card law to establish fair practices related to credit
- Provides the following protections:
 - Protects consumers from arbitrary interest rate increases—requires advance notice of increases and right to cancel
 - Prevents interest from being charged on purchases paid on time during the billing cycle
 - Requires credit card companies to mail bills at least 21 days before the due date
 - Requires fair allocation of payments—applying them to higher-interest-rate balances first
 - Limits fees card can charge
 - Requires a minimum payment explanation
 - Limits credit cards issued to teens (under the age 21) with a cosigner

Fair Credit Billing Act

- Sets requirements for resolving billing disputes
 - Applies to store or credit card accounts
 - Does not include installment loans (student loan, mortgage, auto)

Billing Error Resolution Process

- Consumer has 60 days from the day a bill was received to file a dispute
- Creditor has 30 days to respond to complaint
- Within 90 days after receiving complaint, credit must either correct the error or show why the bill is correct
- Creditor cannot try to collect the amount while it is in dispute
- Credit card companies must have billing error policies telling customers how to report errors

Equal Credit Opportunity Act

- Protects consumers from discrimination in the granting or denying of credit
 - Makes it illegal to discriminate on the basis of:
 - Gender, marital status, religion, national origin, race, color age
 - Receiving government payments, such as unemployment or social security payments

Fair Debt Collection Practices Act

- Protects consumers from abusive collection practices by creditors and collection agencies
- Protections:
 - Threats and intimidation
 - Debtors cannot be called at work
 - Limits time of day that debtors can be called, not after 9 p.m.
 - Collectors cannot call repeatedly through the day
 - Collectors must make sure the bill is accurate and allow consumer dispute of it
 - Disputed amounts must be resolved before they can be collected

Alternative Dispute Resolution

- A method of settling a dispute using a neutral third party.
 - Negotiation—When two people get together, with or without a neutral third party, to come to an agreement
 - Mediation—the next level of resolution, involves using a neutral third party to guide the process
 - Arbitration—the highest level of resolution. An arbitrator listens to both parties and then makes a decision

Small Claims Court

- When attempts to resolve a dispute fail, a consumer may choose to file a lawsuit:
 - Small claims court—a simple and quick method of resolving a matter involving a small amount (maximum amount is \$5,000)
 - Complaint—document that outlines the issues of a case
 - Plaintiff-files a complaint which outlines the issues of the case
 - Defendant-the complaint is served to this person
 - Parties appear before a judge
 - Judge makes a ruling

Credit Scams

- A scam is a fake offer, sale or other gimmick that will cheat you out of money.
 - Millions of Americans lose money to scams each year
 - Scams may give thieves access to a person's bank account or credit accounts to steal from them

Credit Repair Scams

- A company claims to be able to “fix” your poor credit record and give you a clean credit history.
 - Service is provided for a fee
 - Service doesn’t provide anymore benefit than what a consumer can do for themselves to “fix” their credit

Identity Theft

- When someone uses your personal information without your permission to commit fraud or other crimes
 - Fastest-growing crime in America
 - Social Security Number is the key to your identity (personal information)
 - Do NOT carry your Social Security Card in your wallet or purse. It should be locked in a secure location. Memorize it!

Victim of Identity Theft

- If you find your identity has been stolen or you lose items that contain your personal data, take action quickly:
 - Close credit and bank accounts, and open new accounts with passwords and credit alerts
 - Place a fraud alert on your credit report to prevent additional accounts from being opened in your name
 - File a complaint with the Federal Trade Commission to help keep fraudulent charges off your credit report (provides documentation)
 - File a report with your local police
 - Contact other government agencies (such as Social Security Administration, driver's license)

Ways Identity Theft Happens

- A person's identity can be stolen without any contact with a thief:
 - Identity can be stolen from an employer's records
 - Data can be taken from your trash
 - Thieves use skimming devices to steal credit card information (happens most often at retail stores, restaurants and gas stations)
 - Thieves use spam (junk email sent by advertisers) to steal information offering an appealing deal, but then ask for credit information
 - Phishing is another way thieves get information—pose as a legitimate business to get consumers to confirm their personal data

Protecting Yourself from Identity Theft

- Shred all personal documents with a crosscut shredder
- Mail bills from a secure location (not the mailbox on your house)
- Check your [credit report](https://www.annualcreditreport.com) annually at [Annualcreditreport.com](https://www.annualcreditreport.com)
 - Look for credit inquiries that you didn't instigate
 - Look for credit cards/loans that aren't yours
- Protect your information when shopping, don't display your cards freely for everyone to see
- Do not disclose personal information (birth date, SS#, etc.) to people you haven't contacted
- Remove your credit information from credit bureau mailing lists by opting out, either permanently or 5 years at a time

How to tell if you have been a victim

- Withdrawals from bank account that can't be explained
- You don't get your bills or other mail
- Merchants refuse your checks.
- Debt collectors call you about debts that aren't yours
- Unfamiliar accounts or charges on your credit report
- Medical providers bill you for services you didn't use
- Medical records show a health condition you don't have