

# FTC Consumer Alert

Federal Trade Commission ■ Bureau of Consumer Protection ■ Division of Consumer & Business Education

## Buying, Giving, and Using Gift Cards

Shopping for gifts can be a real dilemma. Just what do you get your finicky Aunt Mary, your co-worker, or your child's babysitter? Gift cards may be the answer: one size fits all, and the recipients can get exactly what they want from a retailer or restaurant.

But before you buy a stack of gift cards, the Federal Trade Commission (FTC), the nation's consumer protection agency, wants you to know that there are two types:

- *retail gift cards*, which are sold by retailers and restaurants, and can be used only with those merchants. Retail gift cards may have expiration dates or a fee for inactivity that sometimes is called a "dormancy fee."
- *bank gift cards*, which carry the logo of a payment card network like VISA or MasterCard, and can be used at any location accepting cards from that network. There are more likely to be fees for activation, maintenance, or transactions on bank gift cards than on retail gift cards.

### Tips for buying gift cards

Regardless of where or whom you buy a gift card from, the FTC recommends that you:

- Buy from sources you know and trust. Avoid buying gift cards from online auction sites, because the cards may be counterfeit or may have been obtained fraudulently.
- Read the fine print before you buy. If you don't like the terms and conditions, buy elsewhere.
- Ask about expiration dates and fees when you're buying a card. This information may appear on the card itself, on the accompanying sleeve or envelope, or on the issuer's website. If you don't see it, ask. If the information is separate from the gift card, give it to the recipient with the card to help protect the value of the card.
  - Consider purchase fees: Must you pay a fee to buy the card? If you buy the card online or on the phone, is there a fee for shipping and handling? Does expedited delivery cost more?
  - Consider fees that may be deducted from the card, including activation, maintenance or transaction fees. It might be embarrassing to give someone a \$50 gift card and find out later that fees gobbled up most of the amount.
- Inspect the card before you buy it. Verify that none of the protective stickers have been removed, and make sure that the codes on the back of the card haven't been scratched off to reveal a PIN number. Report tampered cards to the store selling the cards.
- Give the recipient the original receipt to verify the card's purchase in case it is lost or stolen.
- Consider the financial condition of the business and whether it has filed for bankruptcy.
  - If you buy a card from a company that goes out of business or ultimately files for bankruptcy, the recipient may end up with a card that's worth less than the face value.
  - If the business closes stores near where the recipient lives or works, they may not be able to get to another location to redeem their card.
  - A company that files for bankruptcy may honor its gift cards. A competitor may also accept the card. Call the retailer or competitor to find out. Even if a company currently is not redeeming gift cards, check with them periodically; they may resume doing so later.

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## Tips for using gift cards

If you have a gift card, be smart about how you use it:

- Read the terms and conditions when you get the card, and check for an expiration date or any fees.
- If you didn't get the card's terms and conditions, the original purchase receipt, or the card's ID number, ask for them from the person who gave you the card, and then keep them in a safe place.
- Treat your card like cash. If your card is lost or stolen, report it to the issuer immediately. You may be out the entire amount on the card. Some issuers don't replace the cards, but others do if you pay a fee. If an issuer charges for a replacement card, you'll most likely need to document the purchase and provide the ID number on the card. Most issuers have toll-free numbers to report lost or stolen cards.
- Use your card as soon as you can. It's not unusual to misplace gift cards or forget you have them; using them early will help you get the full value. However, should your card expire before you've had a chance to use it or exhaust its value, contact the issuer. They may still honor the card, although they may charge a fee to do that.

## Problems and Complaints

If you have a problem with a gift card, contact the company that issued the card. If you can't resolve the problem at that level, you may want to file a complaint with the appropriate authorities:

- For cards issued by retailers, contact the Federal Trade Commission at **ftc.gov** or call toll-free: 1-877-FTC-HELP. Or you may file a complaint with your state Attorney General (for a list of state offices, visit **www.naag.org**.)
- For cards issued by national banks, contact the Comptroller of the Currency's (OCC) Customer Assistance Group by calling 800-613-6743 or sending an e-mail to: **customer.assistance@occ.treas.gov**. The OCC charters, regulates, and supervises national banks.

The FTC works for the consumer to prevent fraudulent, deceptive, and unfair business practices in the marketplace and to provide information to help consumers spot, stop, and avoid them. To file a complaint or to get free information on consumer issues, visit **ftc.gov** or call toll-free, 1-877-FTC-HELP (1-877-382-4357); TTY: 1-866-653-4261. The FTC enters consumer complaints into the Consumer Sentinel Network, a secure online database and investigative tool used by hundreds of civil and criminal law enforcement agencies in the U.S. and abroad.

FEDERAL TRADE COMMISSION	ftc.gov
1-877-FTC-HELP	FOR THE CONSUMER