

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.

Before you buy a stack of gift cards, the Federal Trade Commission (FTC), the nation's consumer protection agency, wants you to know about the different types of gift cards and tips for buying and using them.

- *retail gift cards* are sold by retailers and restaurants, and can be used only with those merchants.
- *bank gift cards* carry the logo of a payment card network like American Express, Discover, MasterCard or Visa, and can be used wherever the brand is accepted.

New rules for gift cards went into effect on August 22, 2010. Here are the highlights:

- Money on a gift card cannot expire for at least five years from the date the card was purchased, or from the last date any additional money was loaded onto the card. If the expiration date listed on the card is earlier than these dates, the money can be transferred to a replacement card at no cost.
- Inactivity fees can be charged only after a card hasn't been used for at least one year, and you can be charged only once per month. But you may be charged a fee to buy the card or to replace a lost or stolen card.
- The expiration date of a card must be clearly disclosed on the card, and fees must be clearly disclosed on the card or its packaging.

Tips for buying gift cards

When you shop for a gift card, 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. Is there a fee to buy the card? If you buy a card by phone or online, are there shipping and handling fees? If you don't like the terms and conditions, buy elsewhere.
- See whether any fees will be deducted from the card after you purchase it.
- Inspect the card before you buy it. Verify that none of the protective stickers have been removed. Make sure that the codes on the back of the card haven't been scratched off to reveal a PIN number. Report any damaged cards to the store selling the cards.
- Give the recipient your original receipt so they can verify the card's purchase in case it is lost or stolen.
- Consider the financial condition of the retailer or restaurant.
 - If you buy a card from a company that files for bankruptcy or goes out of business, the card may be worth less than you had anticipated.

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- If the business closes a store near the recipient, it may be hard to find another location where the card can be used.
 - A company that files for bankruptcy may honor its gift cards, or a competitor may accept the card. Call the company or its competitor to find out. Even if the company is not redeeming gift cards now, check back with them periodically; they may start redeeming cards at a later date.

Tips for using gift cards

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

- When you get the card, read the card and any terms and conditions. Check for an expiration date or fees.
- If it appears that the value of your card has expired, or that fees have been deducted, contact the company that issued the card. They may still honor the card or reverse the fees.
- Ask the person giving you the card for the card's terms and conditions, the original purchase receipt, or the card's ID number; keep this information in a safe place.
- 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.
- Treat your card like cash. If your card is lost or stolen, report it to the issuer immediately. You may not recover any of the value that was on the card. Some issuers will not replace cards that are lost or stolen, but other issuers will, for a fee. You may need to show proof of purchase and the ID number on the card. Most issuers have toll-free telephone numbers you can call to report a lost or stolen card.

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 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 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. Watch a new video, *How to File a Complaint*, at **ftc.gov/video** to learn more. 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.