

FTC Consumer Alert

Federal Trade Commission ■ Bureau of Consumer Protection ■ Office of Consumer and Business Education

Credit Card Loss Protection Offers: They're the Real Steal

"I got a call from a woman who said I need credit card loss protection insurance. I thought there was a law that limited my liability to \$50 for unauthorized charges. But she said the law had changed and that now, people are liable for all unauthorized charges on their account. Is that true?"

Don't buy the pitch — and don't buy the "loss protection" insurance. Telephone scam artists are lying to get people to buy worthless credit card loss protection and insurance programs. If you didn't authorize a charge, don't pay it. Follow your credit card issuer's procedures for disputing charges you haven't authorized. According to the Federal Trade Commission, your liability for unauthorized charges is limited to \$50.

The FTC says worthless credit card loss protection offers are popular among fraudulent promoters who are trying to exploit consumers' uncertainty. As a result, the agency is cautioning consumers to avoid doing business with callers who claim that:

- you're liable for more than \$50 in unauthorized charges on your credit card account;
- you need credit card loss protection because computer hackers can access your credit card number and charge thousands of dollars to your account;
- a computer bug could make it easy for thieves to place unauthorized charges on your credit card account; and
- they're from "the security department" and want to activate the protection feature on your credit card.

The FTC advises consumers not to give out personal information — including their credit card or bank account numbers — over the phone or online unless they are familiar with the business that's asking for it. Scam artists can use your personal information to commit fraud, such as identity theft. That's where someone uses some piece of your personal information, such as your credit card account number, Social Security number, mother's maiden name, or birth date, without your knowledge or permission to commit fraud or theft. An all-too-common example is when an identity thief uses your personal information to open a credit card account in your name.

For More Information

To learn more about protecting yourself against credit card fraud and identity theft, call the FTC toll-free, 1-877-FTC-HELP (1-877-382-4357) or visit www.ftc.gov to get the free publications, **Credit and ATM Cards: What To Do If They're Lost or Stolen**, **Fair Credit Billing** and **ID Theft: When Bad Things Happen to Your Good Name**.

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, call toll-free, 1-877-FTC-HELP (1-877-382-4357), or use the complaint form at www.ftc.gov. The FTC enters Internet, telemarketing, identity theft and other fraud-related complaints into Consumer Sentinel, a secure, online database available to hundreds of civil and criminal law enforcement agencies in the U.S. and abroad.