
Office of Thrift Supervision



Consumer Fact Sheet

Buying, Giving, and Using Gift Cards

February 2007

What do you buy the person who has everything? Is a gift card your answer? This brochure provides information to consumers on buying, giving, and using gift cards.

While traditional retail gift cards (issued by retail stores) remain popular, a growing segment of the gift card industry is gift cards issued by financial institutions. Gift cards may be issued directly by a credit card company such as American Express, Discover, MasterCard, or Visa or they may be issued by and carry the logo of banks, shopping malls or restaurants.

As gift cards can be the perfect gift, there are some things you need to know before buying one. Some cards may have expiration dates, and/or charge fees for non-use or monthly maintenance fees. Other costs associated with gift cards can include fees to buy the card, transaction fees to use the card, and fees to “reload” or add more money to the card.

Things to consider when buying gift cards include:

Card Usage

Be sure to check the gift card program terms and conditions for details regarding card usage. There may be some limits on where gift cards can be used. Can the card be used internationally as well as anywhere within the United States? Does the card allow the owner to withdraw cash at ATMs?

Gift cards issued by financial institutions typically can be used anywhere that the card issuer's product is accepted, but there are some exceptions. For example, a mall card's use is limited to the named shopping mall or mall chain. A store specific gift card can be used to buy merchandise from a particular store and sometimes through its website. Not all gift cards can be used for online shopping, so be sure to ask. A general-purpose gift card from American Express, Discover, MasterCard, or Visa may be used almost anywhere those cards are accepted; restrictions may apply for certain purchases such as airline tickets and hotels.

Expiration Dates

Does the card have an expiration date? Typically, the expiration date is listed on the card, the packaging, or the website if buying online. Some cards can expire as soon as six months after the date of purchase. If you receive a gift card, consider using it as soon as possible (at your convenience) to avoid any concerns regarding the expiration date.

Fees

The most common fees include inactivity or dormancy fees for non-use. These fees can drain the value of the card. For example, some issuers impose monthly fees after a card has not been used for a specified period of time. Is there a processing fee? Many cards issued by financial institutions charge a fee to purchase the card. Such fees can range from \$2.50 to \$9.95. Does the card issuer charge shipping and handling fees? If the gift card can be used to obtain cash from an ATM, is there a fee associated with ATM usage? Is there a monthly maintenance fee? Some gift card issuers begin charging a maintenance fee immediately while others may delay the monthly fee for a specified period of time. The fees will kick in automatically, whether the card has been used or not. Be sure to check the gift card program terms and conditions for details.

Replacement Cards

Can a card be replaced if it is lost or stolen before a zero balance is reached? If so, is there a fee for replacement? Since some card issuers require the original receipt and card number for the cardholder to receive a replacement, gift card givers should send the original purchase receipt and/or the card's identification number with the card so the recipient can more easily obtain a replacement card. Be sure to find out what recourse you have, if any, if your gift card is lost or stolen, and guard your card accordingly. It is best to treat any gift card as you would treat cash.

Balance Inquiry

Some card issuers allow the cardholder to check the balance remaining on the card via telephone or Internet. Is there a fee to check your balance? If so, is the charge per inquiry? You should consider tracking your balance as you use the card. Keep receipts for purchases made with your gift card in a safe place. That way you will know precisely how much value is left on the card. And the receipts will come in handy if your card is lost or stolen.

Add Value

Some card issuers allow the user to "reload" or add more value to the card. If this is an option, check to see if there are charges for reloading and limits on how many times the card can be reloaded.

Cash Redemption

Many gift cards are not redeemable for cash. And most general-purpose gift cards that offer to send you a check for your remaining balance generally charge you a fee to do so.

Split Payments

Can you make a purchase that is more than the available balance on the gift card? Some card programs allow use of another payment method (personal check, cash, or credit card) to share the expense of your purchase. This is called a split payment transaction. When making your purchase, remember to tell the merchant the dollar value on your card. Since the acceptance of split transactions is subject to individual merchant policies, ask the merchant before making your purchase.

Card Security

Don't be a victim of scammers. Look for gift cards that are stored behind a counter. Make sure the gift card has not been tampered with, such as having been removed and then replaced back into the packaging or cardholder. Keep the receipt as proof that you paid for it. Immediately after buying a gift card in a retail store, ask the sales clerk to scan the card to make sure that the balance is correct.

Problems and Complaints

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

For cards issued by federally chartered and state-chartered savings associations, their subsidiaries, and their registered savings and loan holding companies, you may contact the Office of Thrift Supervision (OTS) by calling the toll-free consumer number 1-800-842-6929; TTY Users call through Federal Relay at 1-800-877-8339; or visit www.ots.treas.gov.

For cards issued by retailers, contact the Federal Trade Commission at www.ftc.gov or call toll-free: 1-877-FTC-HELP. You also may file a complaint with your State Attorney General (for a list of state offices, visit www.naag.org).
