



What You Should Know About Gift Cards

So you can enjoy giving and receiving

Gift cards can be a convenient present for the holidays and special occasions. While they seem simple, it is important that both the giver and the recipient read the details for each card to avoid any misunderstandings, and there might be additional policies set by the merchant or bank issuing the card.

Federal Law Offers Protections

The Credit Card Accountability Responsibility and Disclosure (Credit CARD) Act provides several protections for consumers who purchase certain types of gift cards, including store and restaurant gift cards (also known as merchant or retail gift cards). These cards can only be redeemed at the stores and restaurants that sell them. Bank gift cards, which carry the logo of a payment card network (e.g., Visa, MasterCard), are also subject to Credit CARD Act protections and can be used wherever the brand is accepted.

Under the law, a gift card cannot expire until at least five years from the date it was activated.

The law also places general limitations on fees. For instance, the card issuer cannot charge a dormancy or inactivity fee on a gift card unless there has been no activity for one year and the card clearly states its policy toward that fee. In addition, some states have separate laws that provide added protection in certain circumstances.

To learn more about the laws protecting consumers who purchase gift cards, visit:

<http://www.ncsl.org/research/financial-services-and-commerce/gift-cards-and-certificates-statutes-and-legis.aspx>

<https://www.ftc.gov/news-events/press-releases/2010/11/ftc-has-gift-card-tips-holiday-buying>

Beware of Scams

Scammers often use gift cards as a way to defraud people of their money because they're just like cash – any misuse is hard to trace. Unlike credit cards, there typically isn't any recourse for consumers when a gift card is stolen or used without authorization, so it is very hard to reverse the purchases or get a refund in these situations.

Another common scam is someone who poses as an attorney for a family member and claims that the family member is in trouble with the law and in need of assistance. The scammer contacts you by phone or email, and asks you to purchase gift cards in specific amounts to pay them. These are all red flags to a scam, and once you purchase the gift cards, the

scammer will tell you to provide the code numbers and PINs that are usually located on the back of cards, so that the scammer can redeem them.

Remember, no business or government agency will ask you to make payments with gift cards, so if you are contacted in this manner, it is most likely a scam. It's also a good rule of thumb to never make a payment over the phone or by wiring money unless you can confirm that the request for payment is legitimate.

Also, be on the lookout for gift card scams if you are selling items. Someone may contact you to purchase the item you are selling and tell you they will send a check for more than the purchase price and ask you to give them the difference in the form of a gift card, but once you try to deposit/cash the check, you'll find out it is fake.

For more information on identifying and avoiding scams, visit:

<https://www.consumer.ftc.gov/blog/2018/10/scammers-demand-gift-cards>

<https://www.consumer.ftc.gov/articles/paying-scammers-gift-cards>

If you believe you've been the victim of a gift card scam, report the situation to your local police department. You may also want to notify the Federal Trade Commission (FTC), which tracks scams and frauds. You can submit complaints about scams to the FTC by visiting

<https://ftccomplaintassistant.gov/#crnt&panel1-1>.

You might get back the money left on the card or a portion of it. Sometimes there is a fee when they provide a refund, but it's still worth reporting.

In addition, you should immediately report the scam to the merchant or company that issued the card and ask if they can refund your money. Most issuers have toll-free telephone numbers available online, so you can call to report a lost or stolen card. You might get back the money left on the card or a portion of it, and sometimes there is a fee when they provide a refund, but still worth reporting. You may need to provide the receipt and the card number, so be sure to keep a record of that information.

Tips When Buying Gift Cards

Avoid buying gift cards from unknown sites. The cards may be counterfeit or stolen, so be sure to buy gift cards from sources you know and trust.

- If you are buying a card from a retailer, check it before purchasing. Make sure that the codes on the back of the card haven't been scratched off to show the PIN number.

For more help or information, go to www.fdic.gov or call the FDIC toll-free at **1-877-ASK-FDIC (1-877-275-3342)**. Please send your story ideas or comments to Consumer Affairs at consumeraffairsmailbox@fdic.gov

- Be sure to read the gift card's fine print. Know the terms and conditions. Is there an expiration date? Are there fees to use the card? Are there fees if the card is not used for a certain period of time?
- If possible, register your gift card. This may help protect you in case the card is lost or stolen.

Now that you are better informed, be sure to share this information with the receiver of your gift, so they can be prepared too!

For more information on gift cards, visit the Consumer Financial Protection Bureau (CFPB) at <https://www.consumerfinance.gov/about-us/blog/giving-or-receiving-gift-cards-know-the-terms-and-avoid-surprises/>.

Prepaid cards are also popular gifts, but the protections available are different than those described here for gift cards. For more information about prepaid cards, visit the CFPB at <https://www.consumerfinance.gov/prepaid-rule/> and see the FDIC *Consumer News* article titled "Is the Money on My Prepaid Card FDIC-Insured?" at <https://www.fdic.gov/consumers/consumer/news/september2019.pdf>.

