



# 2013 CONSUMER ACTION HANDBOOK

*Be a Smarter Consumer*

# CONTRIBUTORS



GSA Office of Citizen Services and Innovative Technologies

January 2013

On behalf of the General Services Administration's (GSA) Office of Citizen Services and Innovative Technologies, I welcome you to the 2013 Consumer Action Handbook. First released in 1979 by the White House Office of Consumer Affairs, and transferred by Congress to GSA in 1997, the Handbook has long been one of the most helpful and popular consumer publications of the federal government.

Whether this is the first time you've seen the Handbook or you get a copy annually, I am confident that it will be a valuable tool to help you make smarter consumer decisions.

I know how important it is to have access to reliable information to make the best choices for you and your family. The Handbook simplifies your search, by compiling information from across government into one comprehensive guide. The Handbook addresses the consumer challenges and opportunities we all face. Some of the more popular topics include buying a car, getting your credit report, choosing a health insurance provider, and writing a social media will. As in past years, the Handbook also includes a template for writing a complaint letter that gets results and a robust consumer assistance directory, with contact information for corporate and governmental consumer protection offices.

The Consumer Action Handbook is just one way you can stay informed with free, trusted government information. You don't have to wait an entire year to get answers to your government questions. Visit [USA.gov](http://USA.gov) and [GobiernoUSA.gov](http://GobiernoUSA.gov) (in Spanish) or call 1-800-FED-INFO (333-4636) for practical government information. You can order or download electronic versions of this Handbook and hundreds of other government publications at [Publications.USA.gov](http://Publications.USA.gov).

We also want to hear from you. Let us know what you think of the Consumer Action Handbook or if you have ideas for ways to improve it. Please email us at [action.handbook@gsa.gov](mailto:action.handbook@gsa.gov) or on Facebook ([www.facebook.com/USAgov](http://www.facebook.com/USAgov)) or Twitter ([twitter.com/USAgov](http://twitter.com/USAgov)).

Sincerely,

A handwritten signature in dark ink, appearing to read "Marietta Jelks".

Marietta Jelks  
Editor-in-Chief, Consumer Action Handbook

The Federal Citizen Information Center would like to express its gratitude to the partners listed below who helped make possible the publication of the *2013 Consumer Action Handbook*.

American Cleaning Institute  
American Express Company  
American Financial Services Association  
Education Foundation  
The Colgate-Palmolive Company  
Consumer Product Safety Commission  
Department of Veterans Affairs  
FanFreedom.org  
Federal Deposit Insurance Corporation

Federal Trade Commission  
Financial Industry Regulatory Authority  
Kellogg Company  
Money Management International  
National Futures Association  
The Procter & Gamble Company  
Securities and Exchange Commission  
Society of Consumer Affairs Professionals  
International



THE WHITE HOUSE  
WASHINGTON

December 14, 2012

Welcome to the Consumer Action Handbook.

Millions of Americans use financial products, including credit cards, mortgages, and student loans, to lay the foundation for a better tomorrow for themselves and their families. These tools help bring shared aspirations within reach and empower countless individuals to earn an education, afford a home, or raise children. Yet, irresponsible lending and deceptive practices pose serious risks to consumers, and my Administration remains committed to ensuring every American has access to the information and resources that allow them to operate safely and smartly in the marketplace.

This annual handbook is one of those resources, providing consumers with information essential to making financial decisions on everything from purchasing a home and paying for college to securing health care and protecting one's privacy when shopping online. This book is a practical guide for both the complex and the routine issues consumers encounter, and I encourage all Americans to take advantage of this valuable tool.



GSA Administrator

January 2013

Welcome to the 2013 edition of the Consumer Action Handbook. Each year, the U.S. General Services Administration's (GSA) Office of Citizen Services and Innovative Technologies updates this resource with consumer tips to help you in your daily life.

As the dedicated purchasing agency for the Government, GSA understands the importance of maximizing your budget and getting the best value on purchases. The practical information in the Consumer Action Handbook can help you to do the same when you are out shopping. With topics ranging from credit, mobile payments, and the latest frauds, the Handbook addresses topics that can protect your wallet.

The Handbook is also available online with interactive features at [usa.gov/consumer](http://usa.gov/consumer). I hope that you take advantage of this Handbook and the information it provides.

Sincerely,

Dan Tangherlini  
Acting Administrator



## USING THIS HANDBOOK

This everyday guide to being a smart shopper is full of helpful tips about preventing identity theft, understanding credit, filing a consumer complaint, and more. The information and resources you'll need are arranged as follows:

### PART I—BE A SAVVY CONSUMER

Read this section for advice before you make a purchase. To quickly locate specific topics and information, look in the Table of Contents (p. 1) and Index (p. 147).

### PART II—FILING A COMPLAINT

Turn to this section for suggestions on resolving consumer problems. The sample complaint letter on page 57 will help you present your case.

### PART III—KEY INFORMATION RESOURCES

Look here for a list of public resources and contact information.

### PART IV—CONSUMER ASSISTANCE DIRECTORY

Here you'll find contact information for corporate offices, consumer organizations, trade groups, government agencies, and more.

### VISIT US ONLINE

A searchable version of this *Handbook* is available online at [www.USA.gov](http://www.USA.gov) and in Spanish at [www.GobiernoUSA.gov](http://www.GobiernoUSA.gov). You can also order or download an electronic version of the *Handbook* and hundreds of other consumer publications at [Publications.USA.gov](http://Publications.USA.gov).



## QUICK CONSUMER TIPS

As a savvy consumer, you should always be on the alert for shady deals and scams. To avoid becoming a victim, keep these things in mind:

1. A deal that sounds too good to be true usually is! Be wary of promises to fix your credit problems, low-interest credit card offers, deals that let you skip credit card payments, work-at-home job opportunities, risk-free investments, and free travel.
2. Don't share personal information with someone you don't trust. Learn how to recognize fraud.
3. Beware of payday and tax refund loans. Interest rates on these loans are usually excessive. A cash advance on a credit card may be a better option.
4. Read and understand any contract or legal document you are asked to sign. Do not sign a contract with blank spaces or where the terms are incomplete. Some contracts include a clause that prohibits you from taking legal action and require you to engage in mandatory arbitration with a company in the case of a dispute.
5. Get estimates from several contractors for home or car repairs. Make sure the estimates are for the exact same repairs for a fair comparison.
6. Before you buy, make sure you understand and accept the store's refund and return policies, especially for services and facilities that charge monthly fees.
7. When paying for your purchases, double-check the final price. If you think the price that has been charged is incorrect, speak up. Remember, when shopping online, your purchase may include additional fees, such as shipping, handling, and convenience fees that are not calculated until you check out.
7. When shopping online, look for the padlock icon in the bottom corner of your screen or a URL that begins with "https" to ensure that your payment information is transmitted securely.
9. Don't buy under stress. Avoid making big-ticket purchases during times of duress (e.g., coping with a death or debt).
10. If you are having difficulty making payments on loans, notify your lender immediately so that you can work out a payment plan.



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## BUYER BEWARE



### BEFORE YOU BUY

To avoid problems and make better decisions, use this checklist **BEFORE** you make a purchase:

- Decide in advance exactly what you want and what you can afford.
- Do your research. Ask family, friends, and others you trust for advice based on their experience. Gather information about the seller and the item or service you are purchasing.
- Review product test results and other information from consumer experts. See Key Information Resources (p. 59) or check the *Handbook* index (p. 147) for specific information.
- Get advice and price quotes from several sellers.
- Make sure the seller has all appropriate licenses. Doctors, lawyers, contractors, and other service providers must register with a state or local licensing agency.

### DRIP PRICING

Have you ever planned to make a purchase, only to find out that there are additional, sometimes mandatory, fees that weren't included in the advertised price? The total cost is not revealed until the end of the purchasing process. If so, you have been the victim of drip pricing. This practice makes it difficult for consumers to determine the full cost and compare similar options, when all the fees aren't disclosed up front. You can protect yourself by reading the policies before completing the sale and asking questions of sales personnel. Also, if you have charged your purchase on your credit card, you may be able to dispute the extra fees if they are more than you had agreed to with the seller.

- Check out a company's complaint record with your local consumer affairs office (p. 112) and Better Business Bureau (p. 67).
- Get a written copy of guarantees and warranties.
- Get the seller's refund, return, and cancellation policies.

### QUICK TIPS FOR AVOIDING FRAUD

There are many varieties of consumer fraud, but the most common ones are variations of fake check scams, credit repair, free trip offers, and sweepstakes. Here are some tips to help you avoid being a victim:

- **Don't give out personal information.** Be suspicious of anyone you don't know who asks for your Social Security number, birthdate, credit card number, bank account number, password, or other personal data.
  - **Don't be intimidated.** Be suspicious of calls or e-mails that want you to provide or verify personal information immediately. Answer that you're not interested and hang up or don't reply to the e-mail.
  - **Monitor your accounts.** Review bank and credit card statements carefully, and report unauthorized transactions to your financial institution immediately.
  - **Use a shredder.** Tear or shred credit offers, bank statements, insurance forms, and other papers with personal information.
- Ask whom to contact if you have a question or problem.
  - Read and understand any contract or legal document you are asked to sign. Make sure there are no blank spaces. Insist that any extras you are promised be put in writing.
  - Consider paying by credit card. If you have a problem, you can dispute a charge made on your credit card (p. 13).
  - Don't buy on impulse or under pressure; this includes donating to charity.

### SERVICE CONTRACTS AND EXTENDED WARRANTIES

Service contracts or "extended warranties" can add hundreds of dollars to your purchase price, but they are rarely worth the cost. Some duplicate warranty coverage you get automatically from a manufacturer or dealer. Ask these questions before you agree to one of these contracts:

- Does the dealer, the manufacturer, or an independent company back the service contract?
- How are claims handled? Who will do the work, and where will it be done?
- What happens to your coverage if the dealer or administrator goes out of business?
- Do you need prior authorization for repair work?
- Are there any situations when coverage can be denied? You may not have protection from common wear and tear, or if you fail to follow recommendations for routine maintenance.

## PRODUCT SAFETY RECALLS

Before you buy a used vehicle or other second-hand product, check to be sure that it hasn't been recalled for safety reasons. Some recalls ban the sale of an item, while others ask consumers to return the item for replacement or repair. Sometimes, a seller will provide a part that reduces the danger of using the product.

If you're buying a product for a child, be especially careful. Each year, there are approximately 100 recalls of children's products such as toys, clothing, cribs, and costume jewelry. Visit the websites in the "Check Here for Recalls" box to find the latest safety recalls. You can also sign up for free e-mail notifications at [www.cpsc.gov/cpsclist.aspx](http://www.cpsc.gov/cpsclist.aspx) or download the app from [www.Recalls.gov](http://www.Recalls.gov) on your mobile phone.

## IDENTIFYING AND STOPPING FRAUD

Look for these warning signs to avoid fraud:

- You are asked for your bank account or credit card number.
- Someone you don't know offers you the chance to receive a credit card, loan, prize, lottery, or other valuable item, but asks you for personal data to claim it.
- The solicitation looks like a government document and suggests that contest winnings or unclaimed assets are yours for a small fee. (The government doesn't solicit money from citizens.)
- Someone you don't know asks you to send money or money orders to claim a prize, lottery, credit card, loan, or other valuable offer.
- An unknown caller claiming to be a lawyer or in law enforcement offers to help you get your money back (for a fee).
- The deal is only good "for today" or a short time.
- A "repair person" suddenly finds a dangerous defect in your car or home.
- You are given little or no time to read a contract.
- A sale item is suddenly unavailable, but a "much better item" is available for slightly more money.
- Someone is trying to scare you into making a purchase.

To learn more about avoiding identity theft and fraud, go to page 38.

## SHOPPING FROM HOME

Late delivery, shipment of wrong or damaged items, and hidden costs are common complaints when consumers shop from home. To avoid problems and resolve them more easily, follow the advice in the Before You Buy checklist (p. 2). In addition, here are some general tips:

- **Be wary of post office boxes** and sellers in other countries. It may be difficult to find the seller to resolve a problem later.
- **Know the total price.** Make sure it includes all charges, shipping, handling, insurance, and taxes.

## CHECK HERE FOR RECALLS

- [www.recalls.gov](http://www.recalls.gov) lists government-initiated recalls from federal agencies.
- [www.nhtsa.gov](http://www.nhtsa.gov) publishes safety information on vehicles and equipment such as children's car seats.
- [www.fsis.usda.gov](http://www.fsis.usda.gov) lists recalls that involve meat, poultry, or processed egg products.
- [www.fda.gov](http://www.fda.gov) lists recalls that involve food, medicines, medical devices, cosmetics, biologics, and pet food.
- Report incidents and safety concerns with consumer products, search for incidents, reported by others at [www.Saferproducts.gov](http://www.Saferproducts.gov)

Coupons and other discounts should be deducted properly.

- **Make sure you are clear on what you are buying.** Watch for words such as "refurbished," "reconditioned," "closeout," or "discontinued."
- **The security code** on the back of your credit card offers you extra protections on online purchases.
- **Keep a record of your purchase.** Save any information the seller gives you, such as order confirmation number, product description, delivery date, cancellation policy, privacy policy, warranties, and order confirmation numbers.
- **Keep track of your order.** If it's late, you have the right to cancel and demand a refund.

## Your Rights

When you order something by mail, phone, or online, the Federal Trade Commission (FTC) requires the company to:

- Ship the merchandise within the time promised, or if no specific delivery time was stated, within 30 days of receiving your order.
- Notify you if the shipment cannot be made on time and give you the option of waiting longer or getting a refund.
- Cancel your order and return your payment if the new shipping date cannot be met, unless you agree to another delay.

If you cancel your order, your money must be refunded within seven days (or your account must be credited within one billing cycle if you charged the order). The company can't substitute a store credit. If you applied for a charge account with the merchant at the same time that you placed your order, the company has an extra 20 days to ship the merchandise to allow time for processing your application.

These FTC rules only apply to the first shipment of magazine subscriptions or other merchandise you receive repeatedly. Orders for services (for example, photo finishing), sale of seeds and growing plants, and

## ONLINE AND GROUP COUPONS

In addition to the traditional coupons found in newspapers, coupons can be found online. They may be found on manufacturers', companies', dedicated coupon, or social media websites.

Group coupons are another online saving tool. Local companies offer reduced prices for things like spa services, gourmet meals, and outdoor adventures through a third-party company; then you pay the third-party company to take advantage of the deal. Group coupons allow you to try new experiences by reducing the trial cost. Before you purchase a group coupon, ask yourself, "Am I really going to use this?" If the answer is no, don't buy it.

Read the terms and conditions of all coupons for expiration dates or use limitations.

collect-on-delivery (C.O.D.) orders, are covered by a different FTC rule. Your state may also have rules that apply. Report suspected violations to your state or local consumer protection agency (p. 112) and to the FTC (p. 107).

### 3-Day Cooling-Off Rule

This federal law, which dates back to 1972, protects consumers in their homes during door-to-door sales pitches or at sales in temporary business locations. According to the FTC, the 3-Day Cooling-Off Rule does NOT apply to the purchase of new automobiles or items sold online. It only applies when a company is selling something that costs \$25 or more at a location other than its regular place of business.

To comply with the 3-Day Cooling-Off Rule, a seller must inform buyers of their right to cancel the sale and receive a full refund within three business days.

Be aware that there are situations in which the Cooling-Off Rule does not apply:

- You made the purchase entirely by mail, online, or telephone.
- The sale was the result of prior contact you had at the seller's permanent business location.
- You signed a document waiving your right to cancel.
- Your purchase is not primarily for personal, family, or household use.
- You were buying real estate, insurance, securities, or a motor vehicle.
- You can't return the item in a condition similar to how you received it.
- You bought arts or crafts at a fair, shopping mall, civic center, or school.

Remember, if you paid by credit card and are having difficulty getting your refund, you may also be able to dispute the charge with your credit card company

under the Fair Credit Billing Act. See Credit Card Billing Disputes (p. 13).

### Online shopping

Online shopping websites often offer great deals, variety, and convenience. However, consumers need to be careful and make informed decisions about their purchases.

Some tips for shopping safely online:

- Stick to websites that are known or recommended.
- Compare prices and deals, including free shipping, extended service contracts, or other offers.
- Search for online coupons, known as promo codes, which may offer discounts or free shipping. Some sites offer promo codes for coupons to be used in bricks-and-mortar stores.
- Get a complete description of the item and parts included, and the price, including shipping, delivery time, warranty information, return policy, and complaint procedure.
- Before you finalize the order, double check the quantity and total price are correct.
- Pay with a credit card. Federal law protects you if you need to dispute charges, but it doesn't apply to debit cards, checks, cash, money orders, or other forms of payment.
- Use a secure browser. Look for an address that starts with "https" rather than "http." Also look for a closed padlock icon, usually in the lower right-hand corner of the screen.
- Avoid making online purchases on public WiFi hotspots; these may not be secure, and your payment information could be stolen over the network. See WiFi (p. 41) for more information.
- Print your purchase order with details of the product and your confirmation number.

For more information, go to [www.onguardonline.gov](http://www.onguardonline.gov).

### Online Auctions and Sellers

Many people sell items on the Internet through auctions, classified ads, news groups, and chat rooms. Review the Internet section (p. 41) for safe shopping online as well as the general tips on shopping from home (p. 3). When participating in an online auction, remember to:

- Check how the auction works. Can you cancel a bid? Don't assume that the rules one auction site uses apply to another. Some sites offer step-by-step instructions that will take you through the bidding process.
- Find out what protections you have. Does the site provide free insurance or guarantees for items that are not delivered or are not what the seller claimed?
- Follow the strategies used in any auction. Learn the value of the item before you begin bidding, then establish your top price and stick to it.



- Read past customers' ratings to determine if the seller is reputable and delivered quality products, as promised.
- Only bid on an item if you intend to buy. If you're the highest bidder, you have bought it. Auction companies often bar those who back out of a deal from future bidding.
- If the seller can't accept payment by credit card, use an escrow service. A third party holds your money until you get your purchase and approve release of your payment to the seller. There is a small fee, but the peace of mind is worth it.

For more tips, contact the Federal Trade Commission at [www.ftc.gov](http://www.ftc.gov).

### AFTER YOU BUY

Even careful buyers can run into unforeseen problems later on. To minimize them, follow these steps after you buy:

- Save all papers that come with your purchase. Keep all contracts, sales receipts, canceled checks, owner's manuals, and warranty documents.
- Read and follow product and service instructions. The way you use or take care of a product might affect your warranty rights.

If you have a problem with the item you purchased, file a complaint (p. 55)

### PROTECT YOUR PIN

Beware of "shoulder surfers." Be suspicious of anyone lurking around an ATM or watching over your shoulder while you use your card. Some thieves even put a device over the card slot of an ATM to read the magnetic strip and record your PIN; this is known as "skimming." If you suspect criminal activity, walk away and use a different ATM.

### ATM/DEBIT CARDS

With a debit card and personal identification number (PIN), you can use an Automated Teller Machine (ATM) to withdraw cash, make deposits, or transfer funds between accounts. Some ATMs charge a fee if you are not a member of the ATM network or are making a transaction at a remote location.

Retail purchases can also be made with a debit card. You enter your PIN or sign for the purchase. Although a debit card looks like a credit card, the money for the purchase is transferred immediately from your bank account to the store's account. When you use a debit card, federal law does not give you the right to stop payment; you must resolve problems directly with the seller.

If you suspect your debit card has been lost or stolen, call the card issuer immediately. While federal law limits your liability for a lost or stolen credit card to \$50, your liability for unauthorized use of your ATM or debit card can be much greater, depending on how quickly you report the loss.

- If you report a debit card missing before it is used, you are not responsible for any unauthorized withdrawals.
- Your liability is limited to \$50 if you report the loss within two business days after you realize your debit card is missing and increases to \$500 if you report the loss between two and 60 days.
- If you have not reported an unauthorized use of a debit or ATM card within 60 days after your bank mails the statement documenting the unauthorized use, you could lose all of the money in your bank account as well as the unused portion of your line of credit established for overdrafts.

Check the policies of your card issuer; some offer more generous limits on a voluntary basis.

Generally, banks may cover your overdrafts under their overdraft service and impose a fee on your account, or they may offer you a separate line of credit that includes interest charges. If your bank offers an overdraft service, you must opt into this service for most ATM and debit card transactions before the bank may impose any fees. Banks must disclose this option, the amount of the overdraft coverage fee, and the customer's right to cancel this service. For more information, go to [www.consumerfinance.gov](http://www.consumerfinance.gov).

## BANKING



Choosing a bank is a major decision, and there is no one right choice for all consumers. When you shop for a bank, you have to consider the actual products and services it provides as well as the location of branches, size of the bank, fees, and interest rates. Even if you conduct most transactions online or at automated teller machines, you want to choose a bank with quality customer service. Also, consider the variety of products that the bank provides; some banks may specialize in checking and savings accounts, while others are full-service banks, offering loans and CDs. You don't have to maintain all of your accounts at one bank; you can have relationships with several to get the best rates on different services.

## BEFORE YOU SWIPE YOUR DEBIT CARD

Although both credit cards and debit cards are easy ways to pay for your purchases, debit cards have some different levels of consumer protection and potential for consumer fees.

Debit cards are directly connected to your bank account, so when you swipe your card, make sure you have the money in your account to pay immediately. If you don't have enough money in your account, your bank may "lend" you the money and pay the overage. However, it may charge you up to \$35 for this courtesy, even if the dollar amount the bank covered was small. Determine whether you can opt out of overdraft protection. Some banks also charge you a monthly fee for making purchases with your debit card. Since new fees can be added without warning, be sure to check periodically for changes to your account fees for using your debit card.

Debit cards don't offer as much protection against fraudulent use or if your card is lost or stolen. Also, if you need to dispute a purchase, you are in a weaker position because the merchant already has the money and will only return it if you win the dispute.

Also, when you use your debit card to make reservations for hotels or rental cars, a hold is placed on your card (and your checking account), which can affect your other pending transactions. Even if the hold is removed, it may take as long as a week until the funds are available to you again.



## SAVINGS AND CHECKING

When it comes to finding a safe place to put your money, there are a lot of options. Savings accounts, checking accounts, certificates of deposit (CD), and money market accounts are popular choices. Each has different rules and benefits that fit different needs. The bank must provide you with the account terms and conditions when you open your account. When choosing the one that is right for you, consider:

**Minimum deposit requirements.** Some accounts can only be set up with a minimum dollar amount. If your account goes below the minimum, the bank may not pay you interest on the money you deposited and you may be charged extra fees.

**Limits on withdrawals.** Can you take money out whenever you want? Are there any penalties for doing so?

**Interest.** How much (if anything) is paid and when? Daily, monthly, quarterly, yearly? To compare rates offered by local and national financial institutions, visit [www.bankrate.com](http://www.bankrate.com).

**Deposit insurance.** Make sure your bank is a member of the Federal Deposit Insurance Corporation (FDIC). This agency protects the money in your checking and savings accounts, certificates of deposit (CDs), and Individual Retirement Accounts (IRAs) up to \$250,000. For more information, see page 106 or visit [www.fdic.gov](http://www.fdic.gov).

**Credit unions.** A credit union is a nonprofit, cooperative financial institution owned and run by its members. Like the FDIC does for banks, the National Credit Union Share Insurance Fund (NCUSIF) insures a person's savings up to \$250,000.

**Convenience.** How easy is it to put money in and take it out? Are there branches or ATMs close to where you work and live? Can you bank by phone or Internet?

If you are considering a checking account or another type of account with check-writing privileges, add these items to your list of things to think about:

**Number of checks.** Is there a maximum number of checks you can write per month without incurring a charge?

**Check fees.** Is there a monthly fee for the account or a charge for each check you write?

**Holds on checks.** Is there a waiting period for checks to clear before you can withdraw the money from your account?

**Overdrafts.** If you write a check for more money than you have in your account, what happens? You may be able to link your checking account to a savings account to protect yourself.

**Debit card fees.** Are there fees for using your debit card?

**Account fees.** Banks can charge fees on your checking or savings account to cover things like maintenance, withdrawals, or minimum balance rules. However, the bank must inform you of the fees up front as part of your account agreement and notify you when changes occur. Practices vary from bank to bank, but each must inform you of the fee change on your statement, in a separate letter, or in a pamphlet. For more information, visit [www.federalreserveconsumerhelp.gov/findananswer/can-a-bank-really.cfm](http://www.federalreserveconsumerhelp.gov/findananswer/can-a-bank-really.cfm).

**Bounced checks.** It's your responsibility to have sufficient funds in your account to cover the checks you write. If you try to cash a check, withdraw money, or use your debit card for an amount greater than the amount of money in your account, you can face a bounced check or overdraft fee. Your bank may pay for the item, but charge you a fee or deny the purchase and still charge you a fee. In addition, the business to which you wrote the check may charge you an additional returned check fee. Bounced checks can also blemish your credit record, so you may want to talk to your bank about overdraft protection. For more information, visit [www.federalreserve.gov/pubs/bounce](http://www.federalreserve.gov/pubs/bounce).

## UNSOLICITED CHECKS AND CREDIT OFFERS

If you cash an unsolicited check, you could be agreeing to pay for products or services you don't want or need. In addition, those "guarantees" for credit cards or loans, without consideration of credit history, are probably a scam. Legitimate lenders never guarantee credit. For more information on how to identify fraudulent solicitations, visit [www.ftc.gov](http://www.ftc.gov).

### PHISHING SCAMS

"Phishing" is the use of fraudulent e-mail designed to steal identities as well as vital personal information such as credit card numbers, bank account PINs, and passwords. Phishing e-mails often ask you to verify this type of information. Scammers also go "SMishing," or phishing using text messages, by asking you to verify or confirm sensitive information. Legitimate companies never ask for your password or account number via e-mail. If you're not sure whether the e-mail is trustworthy, call the company directly and forward the email to [spam@uce.gov](mailto:spam@uce.gov). If you believe you've received a phishing e-mail, don't hit reply! The e-mail may even threaten to disable your account. Don't believe it!

Legitimate offers of credit often come in the form of "convenience checks," which credit card companies enclose with your monthly statement. However, convenience checks may carry higher fees, a higher interest rate, and other restrictions. If you don't want the checks, be sure to shred them to protect yourself from "dumpster divers" and identity thieves.

Watch out for checks from someone in a foreign country claiming that you won a lottery, for an investment, or to pay for an item you sold online. This could be a scam. Even if you deposit the check, the check may not be legal. Don't rely on money from a check, especially foreign or unsolicited, until your bank says the check has cleared or if you know and trust the person who sent it to you.

## PREPAID CARDS

Prepaid cards, also known as prepaid debit, stored value, or gift cards, are convenient ways to pay for your purchases. Banks and retailers issue them to offer consumers a way to make payments and conduct other financial transactions. You do not need to have a bank account or a credit history to use a prepaid card. There are plenty of situations where a prepaid card might be the most convenient choice, but be sure you understand the key terms and conditions **BEFORE** you buy.

Many cards carry protections similar to credit and debit cards. To obtain these benefits, you must follow the instructions for registering and activating your card. Be sure to record your card information, including the

customer service telephone number listed on the back of the card in a separate place, so you can get a replacement if yours is lost or stolen. Some prepaid card issuers may charge fees for card activation, maintenance, and cash withdrawals.

If you have a problem with a prepaid card, first contact the customer service number. If the problem still isn't resolved, you may want to file a complaint with the proper authorities:

- For cards issued by retailers, contact the FTC (p. 107). You may also file a complaint with your local consumer protection office (p. 112).
- For cards issued by national banks, contact the Office of the Comptroller of the Currency (p. 105).
- For cards issued by state banks, contact the FDIC (p. 106) or state banking authority (p. 126).

For more information, visit [www.nbpca.com](http://www.nbpca.com).

### Government Benefits on Prepaid Cards

Many government agencies deliver financial benefits using prepaid cards. All Supplemental Nutrition Assistance Program (SNAP) benefits are paid via electronic benefit cards. Beginning in March 2013, all Social Security benefits must be paid via direct deposit or a prepaid debit card, which comes with federal consumer protections. Visit [www.godirect.gov](http://www.godirect.gov) for more information.

### Contact the proper regulatory agency below:

Type of Institution	Regulatory Agency
State-chartered banks and trust companies	Federal Deposit Insurance Corporation (p. 106) and state banking authorities (p. 126)
Banks with National in their name or N.A. after their name	Office of the Comptroller of the Currency, U.S. Department of the Treasury (p. 105)
Federal savings and loans and federal savings banks	Office of the Comptroller of the Currency, Department of the Treasury (p. 105)
Federally chartered credit unions	National Credit Union Administration (p. 107)
State-chartered banks that are members of the Federal Reserve System	Federal Reserve System (p. 106)



Whether you are buying or leasing a vehicle, these tips will help you get the best deal and avoid problems:

- Decide what kind of vehicle best suits your needs and budget.
- Check out the seller. For car dealers, check with your state or local consumer protection agency (p. 112) and Better Business Bureau (p. 67). If you're buying from an individual, check the title to make sure you're dealing with the vehicle's owner.
- Take a test drive. Drive at different speeds and check for smooth right and left turns. On a straight stretch, make sure the vehicle doesn't pull to one side.
- Handle trade-ins and financing separately from your purchase to get the best deal on each. Get a written price quote before you talk about a trade-in or dealer financing.
- Shop in advance and compare financing options at your credit union, bank, or finance company. Look at the total finance charges and the Annual Percentage Rate (APR), not just the monthly payment.
- Read and understand every document you are asked to sign.
- Don't take possession of the car until all paperwork is final.
- Choose an auto insurance policy that is right for you (p. 32).

## BUYING A NEW CAR

Do your research first and compare vehicles. Four key resources that offer vehicle performance, service, and safety information are: *Consumer Reports* ([www.consumerreports.org](http://www.consumerreports.org)), *Motor Trend* ([www.motortrend.com](http://www.motortrend.com)), *Car and Driver* ([www.caranddriver.com](http://www.caranddriver.com)), and Edmunds automotive books and network ([www.edmunds.com](http://www.edmunds.com)).

- Research the dealer's price for the car and options. It's easier to get the best price when you know what the dealer paid for a vehicle. The dealer invoice price is available on a number of websites and in printed

pricing guides. *Consumer Reports* offers the wholesale price; this figure factors in dealer incentives from a manufacturer and is a more accurate estimate of what a dealer is paying for a vehicle.

- Find out whether the manufacturer is offering rebates that will lower the cost. For more information, visit [www.autopedia.com/html/Rebate.html](http://www.autopedia.com/html/Rebate.html).
- Get price quotes from several dealers. Find out if the amounts quoted are the prices before or after rebates are deducted.
- Avoid low-value extras such as credit insurance, extended warranties, auto club memberships, rustproofing, and upholstery finishes. You do not have to purchase credit insurance to get a loan. See Service Contracts and Extended Warranties (p. 2).
- Hybrid cars are popular among consumers interested in fuel economy and reducing their negative impact on the environment. These cars combine the benefits of gasoline engines and electric motors and can be configured to achieve different objectives, such as improved fuel economy, increased power, or additional auxiliary power. For more information about hybrids, electric vehicles, and alternative fuels, visit [www.fueleconomy.gov](http://www.fueleconomy.gov).

## GOVERNMENT FUEL ECONOMY WEB PAGES

- [www.epa.gov/emissweb](http://www.epa.gov/emissweb) is a green vehicle guide that can help you identify vehicles that are fuel-efficient and have clean-running engines.
- [www.fueleconomy.gov](http://www.fueleconomy.gov) compares the miles-per-gallon ratings of different vehicle models manufactured since the mid-1980s.
- [www.fueleconomy.gov/feg/savemoney.shtml](http://www.fueleconomy.gov/feg/savemoney.shtml) calculates annual fuel estimates.
- [www.epa.gov/carlabel](http://www.epa.gov/carlabel) allows you to compare the fuel economy of different types of vehicles (diesel, hybrid, electric, gasoline).

## BUYING A USED CAR

- To learn what rights you have when buying a used car, contact your state or local consumer protection office (p. 112).
- Find out in advance what paperwork you will need to register a vehicle. Contact your state's motor vehicle department. See [www.usa.gov/Topics/Motor\\_Vehicles.shtml](http://www.usa.gov/Topics/Motor_Vehicles.shtml).
- Check prices of similar models using the *NADA Official Used Car Guide* ([www.nadaguides.com](http://www.nadaguides.com)) published by the National Automobile Dealers Association or the *Kelley Blue Book* ([www.kbb.com](http://www.kbb.com)). These guides are usually available at local libraries.



- Research the vehicle's history. Ask the seller for details concerning past owners, use, and maintenance. Next, find out whether the car has been damaged in a flood, involved in a crash, been labeled a "lemon," or had its odometer rolled back.
- Your state motor vehicle department can research the car's title history.
- The National Highway Traffic Safety Administration's (NHTSA) website ([www.safercar.gov](http://www.safercar.gov)) lets you search an online database of manufacturer service bulletins and review crash test ratings.
- The website [www.vehiclehistory.gov](http://www.vehiclehistory.gov) and the National Insurance Crime Bureau's free database ([www.nicb.org](http://www.nicb.org)) are centralized places for consumers to buy information on the history of vehicles gathered from state motor vehicle departments and other sources. These reports are helpful but do not guarantee that a vehicle is accident-free.
- The Center for Auto Safety ([www.autosafety.org](http://www.autosafety.org)) provides information on safety defect recalls, complaints and service bulletins.
- Make sure any mileage disclosures match the odometer reading on the car.
- Check the warranty. If a manufacturer's warranty is still in effect, contact the manufacturer to make sure you can use the coverage.
- Ask about the dealer's return policy. Get it in writing and read it carefully.
- Have your mechanic inspect the car. Talk to the seller and agree in advance that you'll pay for the examination if the car passes inspection, but the seller will pay if significant problems are discovered. A qualified mechanic should check the vehicle's frame, tires, air bags, and undercarriage as well as the engine.
- Examine dealer documents carefully. Make sure you are buying—not leasing—the vehicle. Leases use terms such as "balloon payment" and "base mileage" disclosures.

## DEALER VERSUS PRIVATE-PARTY PURCHASES

In general, buying a used car from a dealer is a safer option because you are dealing with an institution, which means you are better protected by law. The FTC requires dealers to post a Buyer's Guide in the window of each used car or truck on their lot. This guide specifies whether the vehicle is being sold "as is" (in the vehicle's current condition, without a warranty) or with a warranty, and what percentage of repair costs a dealer will pay under the warranty. Keep in mind that private sellers generally have less responsibility than dealers do for defects or other problems. FTC rules do not apply to private-party sales.

Expect to pay higher prices at a dealer than if you buy from an individual. Many dealers inspect their cars and provide an inspection report with each one. However, this

is no substitute for your own inspection. Some dealers provide limited warranties, and most sell extended warranties. Watch out for dealer warranties that are "power train" warranties only, and not "bumper-to-bumper," full-coverage warranties. It's best to compare warranties that are available from other sources.

Some dealers sell "certified" cars. This generally means that the cars have had a more thorough inspection and come with a limited warranty. Prices for certified cars are generally higher. Be sure to get a list of what was inspected and what is covered under the warranty.

Purchasing a car from a private seller may save you money, but there are risks. The car could be stolen, damaged, or still under a finance agreement. If a private

## CHOOSE A SAFE VEHICLE

Crash tests can help you determine how well a vehicle will protect you in a crash. These organizations perform crash tests and rate vehicles:

- **The National Highway Traffic Safety Administration.** Each year, NHTSA ([www.nhtsa.gov](http://www.nhtsa.gov)) crashes vehicles head-on into a wall and bashes them broadside to test their ability to protect their occupants. NHTSA focuses on evaluating vehicle restraints such as air bags and safety belts.
- **The Insurance Institute for Highway Safety.** A different test by the IIHS ([www.hwysafety.org](http://www.hwysafety.org)) uses offset-frontal car crashes to assess the protection a vehicle's structure provides.
- **Consumer Reports.** The annual auto issue of Consumer Reports ([www.consumerreports.org](http://www.consumerreports.org)) rates vehicles in terms of overall safety. Its safety score combines crash test results with a vehicle's accident-avoidance factors—emergency handling, braking, acceleration, and even driver comfort.
- **The National Motor Vehicle Title Information System.** The NMVTIS ([www.vehiclehistory.gov](http://www.vehiclehistory.gov)) provides information about a vehicle's history and condition, including information about its title, odometer reading, brand history, and, in some cases, theft.

To find out whether a manufacturer has recalled a car for safety defects, contact NHTSA (p. 104). If a vehicle has been recalled, ask the dealer for proof that the defect has been repaired. Used vehicles should also have a current safety inspection sticker if your state requires one.



seller lies to you about the condition of the vehicle, you may sue the individual if you have evidence and you can find him or her. An individual is very unlikely to provide a written warranty.

## FINANCING

Most car buyers today need some form of financing to purchase a new vehicle. Many use direct lending, that is, a loan from a finance company, bank, or credit union. In direct lending, a buyer agrees to pay the amount financed, plus an agreed-upon finance charge, over a specified period. Once a buyer and a vehicle dealership enter into a contract to purchase a vehicle, the buyer uses the loan proceeds from the direct lender to pay the dealership for the vehicle.

## LONG-TERM CAR LOANS

Some car dealers and banks offer loans that allow you to finance your car for longer periods than a traditional auto loan (more than six years). Before you decide on the length of your auto loan, weigh the pros and cons. Long-term loans can make your monthly payments smaller and allow you to refinance the loan after a few years, to reduce the length of the loan. Remember, however, that these loans can cost more over the life of the loan because you are paying interest for a longer period. Also, as the car depreciates, you may end up owing more on your loan than the value of the car. This is called negative equity.

For more information about auto loans, visit [www.ftc.gov/bcp/edu/pubs/consumer/autos/aut04.shtm](http://www.ftc.gov/bcp/edu/pubs/consumer/autos/aut04.shtm).

For information about negative equity, visit [www.ftc.gov/bcp/edu/pubs/consumer/alerts/alt083.shtm](http://www.ftc.gov/bcp/edu/pubs/consumer/alerts/alt083.shtm).

Another common form is dealership financing, which offers convenience, financing options, and sometimes special, manufacturer-sponsored, low-rate deals. Before you make a financing decision, it's important to do your research:

- Decide in advance how much you can afford to spend and stick to your limit.
- Get a copy of your credit report and correct any errors before applying for a loan.
- Check buying guides to identify price ranges and best available deals.

More information about vehicle financing, deciding what you can afford, and consumer protections is available at [www.ftc.gov/bcp/menus/consumer/autos/finance.shtm](http://www.ftc.gov/bcp/menus/consumer/autos/finance.shtm). If you need to file a complaint about your auto loan, visit [www.consumerfinance.gov](http://www.consumerfinance.gov).

## LEASING

When you lease, you pay to drive someone else's vehicle. Monthly payments for a lease may be lower than loan payments, but at the end of the lease, you do not own or have any equity in the car. To get the best deal, follow this advice in addition to the general suggestions for buying a car (p. 8):

- To help you compare leasing versus owning, the Consumer Leasing Act requires leasing companies to give you information on monthly payments and other charges. Check out [www.leaseguide.com](http://www.leaseguide.com) and [www.leasecompare.com](http://www.leasecompare.com) for more information.
- Consider using an independent agent rather than the dealer; you might find a better deal. Most financial institutions that offer auto financing also offer leasing options.
- Ask for details on wear and tear standards. Dings that you regard as normal wear and tear could be billed as significant damage at the end of your lease.
- Find out how many miles you can drive in a year. Most leases allow 12,000 to 15,000 miles a year. Expect a charge of 10 to 25 cents for each additional mile.
- Check the manufacturer's warranty; it should cover the entire lease term and the number of miles you are likely to drive.
- Ask the dealer what happens if you give up the car before the end of your lease. There may be extra fees for doing so.
- Ask what happens if the car is involved in an accident.
- Get all of the terms in writing. Everything included with the car should be listed on the lease to avoid your being charged for "missing" equipment later.

The Consumer Financial Protection Bureau offers a consumer guide to auto leasing at [www.consumerfinance.gov](http://www.consumerfinance.gov).

## RECALLS, "LEMON" LAWS, AND SECRET WARRANTIES

Sometimes a manufacturer makes a design or production mistake on a motor vehicle. A service bulletin notifies the dealer of the problem and how to resolve it. Because these free repairs are not publicized, they are called "secret warranties." The National Highway Traffic Safety Administration maintains a database of service bulletins filed by manufacturers.

If you have a problem with a vehicle that is a safety hazard, check whether the manufacturer has recalled your vehicle. You can find information about service bulletins, recalls, and other safety defects at [www-odi.nhtsa.dot.gov/recalls/recallsearch.cfm](http://www-odi.nhtsa.dot.gov/recalls/recallsearch.cfm) or call DOT's Vehicle Safety Hotline at 1-800-424-9393. You should report hazards that aren't listed to your dealer, the manufacturer of the vehicle (p. 64), and NHTSA at [www-odi.nhtsa.dot.gov/ivoq](http://www-odi.nhtsa.dot.gov/ivoq). If a safety-related defect exists, the maker must fix it at no cost to you—even if your warranty has expired.

If you have a vehicle with a unique problem that just never seems to get fixed, you may have a “lemon.” Some states have laws concerning “lemons” that require a refund or replacement if a problem is not fixed within a reasonable number of tries. These laws might also go into effect if you haven’t been able to use your vehicle for a certain number of days. Contact your state or local consumer protection office (p. 112) to learn whether you have such protections and what steps you must take to get your problem solved. If you believe your car is a “lemon”:

- Give the dealer a list of the problems every time you bring it in for repairs.
- Get and keep copies of the repair orders listing the problems, the work done, and the dates the car was in the shop.
- Contact the manufacturer, as well as the dealer, to report the problem. Check your owner’s manual or the directory for the auto manufacturer (p. 64).

The Center for Auto Safety (p. 109) gathers information and complaints concerning safety defects, recalls, service bulletins, and state “lemon” laws.

## RENTING

Before renting a car:

- Ask what the total cost will be after all fees are included. There may be an airport surcharge or fees for drop-off, insurance, fuel, mileage, taxes, additional drivers, underage-driver, and equipment rental (for items such as ski racks and car seats). See drip pricing on p. 2.
- Ask whether the rental company checks the driving records of customers when they arrive at the counter. If so, you could be rejected, even if you have a confirmed reservation.
- Check in advance to be sure you aren’t duplicating insurance coverage. If you’re traveling on business, your employer may have insurance that covers accidental damage to the vehicle. You might also have coverage through your personal auto insurance (p. 32), a motor club membership, or the credit card you use to reserve the rental.
- Carefully inspect the vehicle and its tires before renting and when you return it. Try to return the car during regular hours so you and the rental staff can look at the car together to verify that you didn’t damage it.
- Check refueling policies and charges.
- Pay with a credit card rather than a debit card, to avoid holds on the funds in your checking account. See “Before You Swipe Your Debit Card” (p. 6).
- Ask the rental company whether a deposit is required. If so, ask for a clear explanation of the deposit refund policies and procedures.

For more information about renting a car and the insurance options, visit [www.insureuonline.org/consumer\\_auto\\_car\\_rental\\_insurance.htm](http://www.insureuonline.org/consumer_auto_car_rental_insurance.htm).

Some state laws cover short-term car and truck rentals. Contact your state or local consumer protection office (p. 112) for information or to file a complaint.

## REPAIRS

Whenever you take a car to the repair shop:

- Choose a reliable repair shop. Family, friends, or an independent consumer-rating organization should be able to help you. Look for shops that display various certifications that are current. You should also check out the shop’s record with your state or local consumer protection office (p. 112) or the Better Business Bureau (p. 67).
- Describe the symptoms. Don’t try to diagnose the problem.
- Make it clear that work cannot begin until you have an estimate (in writing, preferably) and you give your okay. Never sign a blank repair order. If the problem can’t be diagnosed on the spot, insist that the shop contact you for authorization once it has found the trouble.
- Ask the shop to return the old parts to you.
- Follow the warranty instructions if a repair is covered under warranty.
- Get all repair warranties in writing.
- Keep copies of all paperwork.

Some states, cities, and counties have special laws that deal with auto repairs. For information on the laws in your state, contact your state or local consumer protection office (p. 112). A consumer guide to auto repair is available at

[www.ftc.gov/bcp/edu/pubs/consumer/autos/aut13.shtm](http://www.ftc.gov/bcp/edu/pubs/consumer/autos/aut13.shtm).

## CAR REPOSSESSIONS

When you borrow money to buy a car or truck, the lender can take your vehicle back if you miss a payment or in some other way violate the contract. You should also be aware that the lender:

- Can repossess with cause without advance notice
- Can insist you pay off the entire loan balance to get the repossessed vehicle back
- Can sell the vehicle at auction
- Might be able to sue you for the difference between the vehicle’s auction price and what you owe
- Cannot break into your home or physically threaten someone while taking the vehicle

If you know you’re going to be late with a payment, talk to the lender. If you and the lender reach an agreement, be sure to get the agreement in writing. Contact your state or local consumer protection office (p. 112) to find out whether your state gives you any additional rights.

## CREDIT



Like everything else you buy, it pays to comparison shop for credit. For up-to-date interest rate reports on mortgages, auto loans, credit cards, home equity loans, and other banking products, visit [www.bankrate.com](http://www.bankrate.com). The Equal Credit Opportunity Act protects you when dealing with anyone who regularly offers credit, including banks, finance companies, stores, credit card companies, and credit unions. When you apply for credit, a creditor may not:

- Ask about or consider your sex, race, national origin, or religion
- Ask about your marital status or your spouse—unless you are applying for a joint account or relying on your spouse's income, or you live in a community property state (Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, or Wisconsin)
- Ask about your plans to have or raise children
- Refuse to consider public assistance income or regularly received alimony or child support
- Refuse to consider income because of your sex or marital status or because it is from part-time work or retirement benefits

#### You have the right to:

- Have credit in your birth name, your first name and your spouse/partner's last name, or your first name and a combined last name
- Have a co-signer other than your spouse if one is necessary
- Keep your own accounts after you change your name or marital status or if you retire, unless the creditor has evidence that you are unable or unwilling to pay
- Know why a credit application is rejected—the creditor must give you the specific reasons or tell you where and how you can get a copy of the credit report it used to determine its rejection, if you ask within 60 days
- Have accounts shared with your spouse reported in both of your names
- Know how much it will cost to borrow money

For additional information on credit, see *Buying a Home* (p. 27) and *Cars* (p. 8). Other sources of information include the HUD Housing Counseling Clearinghouse at 1-800-569-4287, the FTC (p. 107), and the National Consumer Law Center (p. 110). You have the right to a **FREE** annual Credit Report (see *Free Credit Reports* box below).

### CREDIT CARDS

There are many types of credit cards with various features, but there is no one best credit card. The card you use depends entirely on how you plan to use it. Are you going to use it for everyday purchases or larger purchases? Do you plan to pay your balance off each month?

When you apply for a credit card, consider:

- **Annual Percentage Rate (APR).** If the interest rate is variable, how is it determined, and when can it change?
- **Periodic rate.** This is the interest rate used to determine the finance charge on your balance each billing period.
- **Annual fee.** While some cards have no annual fee, others expect you to pay an amount each year for being a cardholder.
- **Rewards programs.** Can you earn points for flights, hotel stays, and gift certificates to your favorite retailers? Use the tool on [www.creditcardtuneup.com](http://www.creditcardtuneup.com) to find the card that offers the best rewards for you.
- **Grace period.** This is the number of days you have to pay your bill before finance charges start. Without this period, you may have to pay interest from the date you use your card or the date the purchase is posted to your account.
- **Finance charges.** Most lenders calculate finance charges using an average daily account balance, which is the average of what you owed each day in the billing cycle. Look for offers that use an adjusted balance, which subtracts your payment from your beginning balance. This method usually has the lowest finance charges. Check whether there is a minimum finance charge.

### FREE CREDIT REPORTS

You can request a free credit report once a year from each of the three major credit reporting agencies—Equifax, Experian, and TransUnion. You may want to request your credit reports one at a time, every four months, so you can monitor your credit throughout the year without having to pay for a report. (If you ask the credit bureaus directly, they will charge you a fee to obtain your report.) To order your free report, you must go through [www.annualcreditreport.com](http://www.annualcreditreport.com) or call 1-877-322-8228.



## CARD ACT PROTECTIONS FOR CONSUMERS

The Credit Card Accountability Responsibility and Disclosure (CARD) Act brought about sweeping protections for consumers. Among other things, your credit card company must comply with the rules below:

### Fees

- Cannot change rates or fees without sending you a notice 45 days in advance in most cases
- Cannot charge you a late payment fee of more than \$25, regardless of how much you owe—unless one of your last six payments was late or the credit card company can justify a higher fee based on the cost of late payments

### Payments

- Has to tell you how long it will take to pay off your balance if you make only minimum payments
- Must mail or deliver your credit card bill at least 21 days before your payment is due

### Interest Rates

- Cannot increase your rate for the first 12 months after you open an account unless you have a variable interest rate or an introductory rate; you are more than 60 days late paying your bill; or you are in a workout agreement and don't make payments as arranged
- Cannot charge higher rates for purchases made before you receive notice of a new rate

What's more, a credit card company can grant credit cards to consumers under age 21 only if they can show they are able to make payments or have a cosigner for the card. More information about CARD Act protections is available from [www.federalreserve.gov/creditcard](http://www.federalreserve.gov/creditcard).

- **Other fees.** Ask about fees when you get a cash advance, make a late payment, or go over your credit limit. Some credit card companies also charge a monthly fee. Be careful: sometimes companies may also try to upsell by offering other services such as credit protection, insurance, or debt coverage. Visit [www.federalreserve.gov/creditcard/fees.html](http://www.federalreserve.gov/creditcard/fees.html) for more information.

The Fair Credit and Charge Card Disclosure Act requires credit and charge card issuers to include this information on credit applications. The Federal Trade Commission (p. 107) offers a wide range of free publications on credit and consumer rights at [www.ftc.gov](http://www.ftc.gov).

There are many websites available to help you compare credit cards; [www.bankrate.com](http://www.bankrate.com) provides free credit card tips and information and [www.cardratings.com](http://www.cardratings.com) lists and reviews credit cards, and offers tips and credit card calculators.

To view an interactive version of a sample credit card bill, visit [www.federalreserve.gov/creditcard](http://www.federalreserve.gov/creditcard).

The Consumer Financial Protection Bureau (CFPB) provides useful information for consumers on selecting a credit card appropriate for their needs. See "How do I Shop for a Credit Card," on the CFPB website, [www.consumerfinance.gov/how-do-i-shop-for-a-credit-card](http://www.consumerfinance.gov/how-do-i-shop-for-a-credit-card).

## Complaints

To complain about a problem with your credit card company, call the number on the back of your card or try to resolve it with the CFPB (p. 96). If you fail to resolve the issue, ask for the name, address, and phone number of the card company's regulatory agency. See the chart on page 7 to find the best federal or state regulatory agency to contact.

To complain about a credit bureau, contact the CFPB; for complaints about a department store that offers credit, or other Federal Deposit Insurance Corporation (FDIC)-insured financial institution, write to the agency's Consumer Response Center (p. 106). You may also file a complaint with the FTC at [www.ftc.gov](http://www.ftc.gov).

## Credit Card Billing Disputes

Under the Fair Credit Billing Act, you have the right to dispute charges on your credit card that you didn't make, are incorrect, or are for goods or services you didn't receive.

- Send a letter to the creditor within 60 days of the statement date of the bill with the disputed charge.
- Include your name and account number, the date and amount of the disputed charge, and a complete explanation of why you are disputing the charge. To ensure it's received, send your letter by certified mail, with a return receipt requested.
- The creditor or card issuer must acknowledge your letter in writing within 30 days of receiving it and conduct an investigation within 90 days. You do not have to pay the amount in dispute during the investigation.
- If there was an error, the creditor must credit your account and remove any fees.
- If the bill is correct, you must be told in writing what you owe and why. You must then pay it, along with any related finance charges.

If you don't agree with the creditor's decision, file an appeal with the CFPB (p. 96).

## CREDIT REPORTS AND SCORES

A credit report contains information on where you work and live, how you pay your bills, and whether you've been sued or arrested or have filed for bankruptcy. Credit reporting agencies (CRAs) gather this information and sell it to creditors, employers, insurers, and others. The most common type of CRA is the credit bureau. There are three major credit bureaus:

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