

## **Preventing Financial Fraud**

Thinking about security might be something new for most people. That is why you need to read this credit guide. Think of it as a quick course in getting a sound financial life – and building for a great future.

Credit and ATM cards can bring you freedom, security, a way to handle economic emergencies and much more. But with these newfound advantages come some responsibilities. These include using your card responsibly and paying your bills on time. As a responsible cardholder, you should also take steps to prevent fraud and theft. Fortunately, most fraud can be prevented. You just have to be careful about how and when you use credit and ATM cards.

### **An Ounce of Prevention**

The best way to fight fraud is to prevent it in the first place. That means knowing where your cards are and keeping them in a safe place. Importantly, you must never keep your personal identification number (PIN) on or near the card. In a third of all ATM frauds, the PIN was on the card or in the wallet!

### **Keeping Credit Cards Safe**

- Don't give your account number over the telephone, unless you have made the call.
- Get a card that has added security features, like photos.
- Never put your account number or PIN on the outside of an envelope or postcard OR share it with anyone.
- Draw a line through blank spaces on charge slips above the total to prevent any changes.
- Don't sign a blank charge slip unless absolutely necessary.
- Save receipts.
- Always check receipts against your monthly statements. Report any errors within 60 days of the statement mailing date.
- Make a record of card numbers, expiration dates and phone numbers. Keep this record in a safe place, separate from where you keep your cards. Use this information when you report your cards lost or stolen.
- Carry only the cards you need, especially when traveling.

### **Safety Tips for ATM Cards**

- Choose a personal identification number (PIN) that is different from other obvious numbers, like your phone, social security number or birthdate.
- Memorize your PIN and don't write it on anything in your wallet.
- Check all ATM receipts against bank statements.

### **Lost/Stolen Credit Cards: Limit Your Losses**

Most stolen cards are used within 48 hours. So, the sooner you report cards lost or stolen, the less you will likely have to pay. Here's what you need to do:

- 1) Call your credit card company immediately to report the loss. Most companies have a 24-hour toll free number, and

- 2) Follow up your call with a letter, giving your account number, the date you noticed the card was missing and when you called in the report.

If you call the company before the card is used, the Fair Credit Billing Act says you are not responsible for charges made. If a thief uses your card before you report it, the most you will have to pay is \$50. Some credit card companies may monitor your account and send you an alert if there is unusual activity.

### **Timing Is Everything**

If someone steals your ATM card and uses it, you could be responsible for up to \$500 or more. You may wonder, 'Why so much more, if I'm only responsible for \$50 on my credit card?'

The answer has to do with the law. The Electronic Fund Transfer Act (EFTA) states the amount you are responsible for depends on when you report the loss. Here's a look at how the EFTA treats different situations:

- You report your ATM card missing before it is used. The law says you are not responsible for any unauthorized withdrawals.
- Someone uses your ATM card before you report it. If you make the call within 2 business days of unauthorized use, you will not have to pay more than \$50. But you could owe up to \$500 if you don't report it within that time.
- You do not report any unauthorized use within 60 days of the bank statement mailing. You could face unlimited losses. And not just withdrawals from your checking account. Someone could drain your line of credit for overdrafts, as well as any other accounts linked to your ATM card.

### **No Matter What, Check Your Statements**

Even after you have reported your ATM and credit cards missing, check your statements. If you find any suspicious charges, notify your bank immediately. Then send a letter listing each charge. Include your account number, date stolen and date reported. It is very important that you document the incident and notify the bank as soon as possible.

### **Card Registration Services**

This is a service that notifies all of your card companies and banks that your cards have been lost or stolen. So, you only have to make one phone call to the service to report the loss. The service will then make all the necessary calls for you.

Most services will automatically order new cards for you as well. The cost ranges from \$10 to \$35 a year (if you call the individual companies yourself, they will send you a new card free of charge). Be sure to compare the services of these companies before you buy. And ask if the service will reimburse you if it does not report the card loss promptly.