Credit cards are a very safe and convenient way of paying for things in shops at home, online or around the world. Unlike cash or cheques, if something goes wrong when using your card, you benefit from unique legal protection. You also get extra protection through voluntary rules that all UK credit card companies follow, called the Lending Code.

This leaflet will help you understand your rights:

- if you don’t get what you paid for or it turns out to be faulty;
- if your credit card details are used by a fraudster;
- if changes are made to your account;
- your right to clear information;
- if you are in financial difficulties; and
- if you need to complain.
Your rights if you don’t get what you paid for, or it turns out to be faulty

You are well protected if something goes wrong with goods or services you have bought using your credit card, thanks to two different types of protection.

Section 75

This law (part of the Consumer Credit Act 1974) protects you if you use your credit card to buy something costing between £100 and £30,000.

You are legally entitled to get your money back if:

• what you bought turns out to be faulty;
• the company you bought the product or service from breaks their contract with you (for example they go out of business); or
• the company you bought the product or service from don’t deliver what they have promised.

This responsibility is jointly shared between the business you bought the goods or services from and your credit card company. You may even be able to make a successful claim if you only used your credit card to pay for part of what you bought, and the protection may cover any losses you have over and above the original amount you paid.

It’s usually quicker and easier to sort out any problem with the business you bought from. If they can’t (or won’t) fix the problem, your credit card company will be able to help – just contact them with details of the purchase, along with any contract you were given and any other correspondence you have had when trying to fix the problem.
Internet and mail-order shopping within the European Union (EU)

If you buy something online, by phone or by mail order from anywhere in the EU, you get extra legal protection as part of the Distance Selling Regulations. This entitles you to a seven day ‘cooling-off period’ starting from the day you receive the goods, during which you can cancel the order and get your money back from the company you bought the goods from.

If you aren’t able to sort out the issue direct with the company, you should contact your credit card company who may be able to help through either chargeback or Section 75.

Chargeback

American Express, MasterCard and Visa cards all offer extra protection through a process called chargeback. This can entitle you to a refund in some situations where Section 75 doesn’t apply – for example if your goods cost less than £100, or if you paid by debit card.

Situations where you could be entitled to a refund through chargeback include:

- if you don’t receive goods or services you paid for;
- if the company you bought from has gone out of business; and
- if you are charged the wrong amount by mistake.

American Express, MasterCard and Visa manage their chargeback processes individually and so their rules are slightly different. There is usually a time limit to make a chargeback claim (between four and six months). It’s worth checking with your credit card company exactly what protection is available to you. Under the industry’s Lending Code rules, they have to give you this information.

When making a chargeback claim, you should contact your bank or credit card company direct – there’s no need to speak to American Express, MasterCard or Visa.
Legal protection

All victims of card fraud have legal protection to make sure they don’t lose out financially. It doesn’t matter if your card has been used in a shop, online or abroad – you are protected by the Consumer Credit Act.

If you suspect you are a victim of fraud, it’s important to contact your card issuer straight away so that they can stop your card. As long as you weren’t involved in the fraud and haven’t acted negligently your card company will refund the full amount (the most you will ever have to pay is £50, although this is extremely rare).

All innocent card-fraud victims are entitled to a refund, including a refund of any interest or charges on their account as a result of the fraud. If your credit card company believes that you were responsible for any disputed transactions, it’s up to them to prove it.

Fraud detection

Your credit card company may contact you about suspicious transactions before you are even aware of them. This is because credit card companies don’t just rely on you or the police to tell them about fraud – they have sophisticated detection systems to spot any unusual behaviour on your account. This is why it can be a good idea to let your credit card company know if you are planning a trip abroad, particularly if it’s not something you usually do.
Your rights if changes are made to your account

Interest rate increases

Your credit card company will contact you at least 30 days beforehand if they are planning to increase your interest rate, to allow you to decide what you want to do. They will also remind you before the changes take effect.

You are allowed 60 days to decide if you want to reject the increase. If you reject it, your account will be closed and you will be able to pay off your existing balance at your current interest rate. Some companies may let you transfer the balance to another card or loan, either at your current interest rate, or a lower one.

These rules don’t apply when your interest rate changes at the end of a promotional period, or if you have agreed to a variable interest rate beforehand (for example, if your rate tracks the Bank of England Base Rate).

Credit limit increases

If your credit card company plans to increase your credit card limit they will contact you at least 30 days beforehand. You have the right to refuse the increase and to opt out of any future increases.

You can turn down a credit limit increase by writing to your credit card company. You can also turn down an increase online or by phone.
Your right to clear information

To help you compare different cards, credit card companies provide information about interest, charges and other account features on all of their cards.

- Details about a card’s features and charges including interest rates can be found in a ‘summary box’, which appears on all statements and marketing materials.

- If you have been offered an introductory promotional rate, the company will remind you four to eight weeks before it comes to an end.

- You will receive a monthly statement (unless there is no balance on the account and you have made no transactions). This will also contain a summary box.

- Your statement will show the estimated interest you have to pay the following month, provided you pay on time and don’t spend any more.

- Starting in 2012, you will receive an extra credit card statement once a year, known as an Annual Credit Card Statement. The new yearly statement will summarise how much you have spent and any charges you have had to pay over the last 12 months.

- If you usually repay only the minimum amount on your balance (or a little bit more), your credit card company may contact you to tell you that this is a costly way of paying off your balance. They may also give you contact details for free debt advice.
Your rights if you are in financial difficulties

Unexpected changes in your personal and financial circumstances can affect your ability to repay what you’ve borrowed. Credit card companies have a number of measures in place to support any customer who is struggling financially and to treat them sympathetically and fairly.

Debt advice

Credit card companies will contact customers who appear to be having difficulty in paying their bills to offer support. They will offer options and give details of free independent debt-advice agencies.

Citizens Advice Northern Ireland
www.citizensadvice.co.uk

Consumer Credit Counselling Service
www.cccs.org.uk
0800 138 1111

National Debtline
www.nationaldebtline.co.uk
0808 808 4000

Citizens Advice (England and Wales)
www.citizensadvice.org.uk
England: 08444 111 444
Wales: 08444 77 20 20

Citizens Advice Scotland
www.cas.org.uk
0131 550 1000

Repayment support

If you are working with a debt-advice agency to develop a repayment plan, your credit card company will give you a ‘breathing space’ of 30 days, during which time they will not attempt to recover the money you owe. If you have made progress during this period, but still need more time, the breathing space may be extended for up to 30 more days.
How to complain

To your credit card company

All UK credit card companies have written procedures for handling complaints, which they will give you if you ask. If your credit card company cannot deal with your complaint by the day after they receive it, they will write to let you know that they are looking into it. They must tell you about their progress and make sure that you receive a final response within eight weeks.

To the Financial Ombudsman Service

If after complaining to your credit card company you’re not satisfied with how you have been treated or the outcome, you can refer your complaint to the Financial Ombudsman Service. The ombudsman is independent and impartial and will review your complaint by weighing up all the facts. This is a free service.

If the ombudsman decides in your favour and you have lost out financially, they can order your credit card company to put things right. Their decision is binding on credit card companies, but you don’t have to accept their decision. You may take your case to court but this may take longer and be expensive.

Financial Ombudsman Service
www.financial-ombudsman.org.uk
0800 023 4567
0300 123 9 123
For more information

The UK Cards Association
2 Thomas More Square
London E1W 1YN
www.theukcardsassociation.org.uk
press@ukcards.org.uk

The Lending Code
www.lendingstandardsboard.org.uk
info@lstdb.org.uk