



Consumers Union's Tips for Mobile Payments Users

Mobile payments, or cell phone payment applications, are becoming more popular. Meanwhile, consumer protections have not yet kept up with technology. It pays to know what types of protections you may or may not have.

Protections vary widely, depending on how you link the payment method:

Linked to a Credit Card? Offers the Most Consumer Protection

If you link the payment to a credit card, you will have the most consumer protections.

- Limited liability for unauthorized transactions: Under federal law, you are only on the hook for up to the first \$50 in unauthorized charges once you notify your bank.
- Right to dispute a charge: You have the right to dispute a charge if you return an item to a store and the retailer fails to credit your account
- Chargeback right: If the item you bought isn't the item you ordered, you have the right to reverse the charge if the store won't resolve the issue with you.

*But, this is only recommended if are able to pay off the entire balance. Otherwise, the benefits of purchasing by credit card and carrying a balance becomes greatly outweighed by quickly growing debt.

Linked to a Debit Card or Bank Account?

- Limited liability for unauthorized transactions: If your card is lost or stolen, your liability depends on when you report it to your bank. If you report the unauthorized transaction within two business days, your liability is limited to \$50. However, if you don't report it within this time frame, you can be liable for up to \$500 as long as you notify your bank with 60 days. If you fail to notify your bank within 60 days after receiving a statement showing the unauthorized charge, you can be liable for the entire amount. If your card was not lost or stolen, you must report unauthorized charges within 60 days to avoid losing any money.
- No right to dispute a charge
- No right to stop payment for the purchase
- If you decide to use a debit card for online purchases, you should link it to a separate account to protect yourself from a temporary loss of all your money and better protect yourself from identity theft.

Linked to a Prepaid Card?

If the payment service is linked to a prepaid card, you are subject to the card's terms and conditions. Usually, the protections are similar to debit card protections. Beware since prepaid cards are not required to protect you by law.

- Varies (Individual card's terms and conditions)
- Might have card network's "zero liability" policies (these policies are voluntary and may be limited)

Linked to a Phone Bill?

If the payment service charges appear on a phone bill, you likely don't have many protections. You may or may not have protections provided under state or local laws set up by the utility department or agency.