

## CREDIT CONSUMER PROTECTION LAWS



Below are highlights of just a few of the federal and state laws that offer consumers protection with credit issues. If you have questions or are experiencing problems, call Consumer Affairs at 330-643-2879, or to file a complaint in writing see "How to File a Complaint."

**Fair Credit Billing Act** is a federal law that applies only to open-end credit transactions like credit or department store card purchases. The act specifies the dispute settlement process for billing errors, such as:

- Unauthorized Charges. Reporting charges limits your responsibility to \$50.
- Bills that contain math errors or list the wrong date or amount.
- Consumers with billing errors must call and send a letter so that it reaches the creditor within 60 days after the first bill containing the error was mailed.
- The law does not apply to installment contracts, such as car loans.

**Fair Credit Reporting Act** is a federal law designed to promote accuracy, fairness, and privacy of personal information assembled by Credit Reporting Agencies. The agencies must:

- Provide consumers, upon request, free credit reports every 12 months; visit [www.annualcreditreport.com](http://www.annualcreditreport.com) or call (877) 322-8228.
- Allow you to dispute information. They must correct or delete the information that is found to be inaccurate or can no longer be verified.
- Add identity theft and active duty alerts. Identity theft victims may place fraud alerts; active duty military personnel serving away from their regular duty station may place "active duty" alerts to help prevent identity theft.
- Disclose your credit score to you upon request for a nominal fee.

**Fair Debt Collection Practices Act** is a federal law that applies to everyone who collects consumer debts for someone else, including attorneys who collect consumer debts. While creditors collecting their own accounts are excluded from the act, most creditors follow the act's mandates and prohibitions. Debt collection practices under the act include:

- Collectors must send you a written "validation notice" telling you how much money you owe within five days after they first contact you.
- Collectors may not use obscene or profane language, nor make threats such as sending the police to arrest you, or using violence.
- Collectors may only call between 8:00 a.m. and 9:00 p.m.
- A debtor may be contacted at work unless the collector knows or has reason to know that the employer prohibits an employee from receiving such calls or that it is inconvenient for the debtor to receive debt collection calls at work.

**Electronic Fund Transfer Act** is a federal law that applies to electronic fund transfers (EFTs) involving asset accounts, including the use of automatic teller machines (ATMs) to access and deposit to accounts, telephone transfer systems, direct deposits, and automatic preauthorized payments to third parties. Some of the act's provisions are as follows:

- Limits consumer liability to \$50 for unauthorized transfers, if the financial institution is notified within two business days from the date the consumer discovers the loss of a card or \$500 if the financial institution is notified more than two days after the loss of a card. Consumer liability is unlimited if the financial institution is not notified within 60 days after the consumer's receipt of a periodic statement.
- Makes a consumer liable for billing errors if the consumer fails to notify the financial institution within 60 days of receiving a statement containing an error.
- Establishes a consumer's right to issue a stop payment for preauthorized transfers.

### **Ohio's Credit Freeze Act**

- Requires credit reporting agencies to allow consumers to place a "freeze" on each of their credit reports, for a nominal fee, to prevent opening new credit accounts in the consumer's names.
- The security freeze is designed to prevent credit, loans, and services from being approved in consumers' names without their consent.

### **Ohio's Credit Services Organization Act**

- Mandates registration with the Ohio Department of Commerce and bonding for organizations that offer credit repair, debt counseling or related services.
- Gives consumers a three-day right to cancel contracts with credit services organizations.

### **Ohio's Debt Adjusters Act**

- Sets rules and regulations for nonprofits and other businesses that offer credit repair services, debt counseling, budget management and related services to consumers facing financial difficulties.
- Requires debt adjusters to submit funds to creditors within 30 days of receipt, maintain separate trust accounts for these funds, and maintain \$100,000 insurance coverage.
- Prohibits debt adjusters from accepting more than \$75 for initial consultation, accepting more than \$100 annually for consultation fees or contributions or charging more than 8.5 percent of amount paid by debtor each month or \$30, whichever is greater.

## **Ohio's Telephone Solicitation Sales Act**

- Requires that no sale made through a telemarketing call is valid until telemarketer receives a signed, written confirmation from the consumer.
- Gives consumers the right to cancel a telemarketing purchase until they sign a written agreement confirming the sale.
- Requires telemarketers to state their real name, their company's name and their purpose for calling within the first 60 seconds of a call.
- Certain telemarketing businesses operating inside and outside Ohio to register with the Ohio Attorney General's Office.