



FEDERAL TRADE COMMISSION

# Consumer Information

consumer.ftc.gov

## Disputing Credit Card Charges

Have you ever been billed for merchandise you either returned or never received? Has your credit card company ever charged you twice for the same item or failed to credit a payment to your account? While frustrating, these errors can be corrected. It takes a little patience and knowledge of the dispute settlement procedures provided by the Fair Credit Billing Act (FCBA).

The law applies to "open end" credit accounts, like credit cards, and revolving charge accounts, like department store accounts. It doesn't cover installment contracts — loans or extensions of credit you repay on a fixed schedule. People often buy cars, furniture, and major appliances on an installment basis, and repay personal loans in installments, as well.

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### Billing Errors

The FCBA settlement procedures apply only to disputes about "billing errors." For example:

- unauthorized charges. Federal law limits your responsibility for unauthorized charges to \$50;
- charges that list the wrong date or amount;
- charges for goods and services you didn't accept or that weren't delivered as agreed;
- math errors;
- failure to post payments and other credits, like returns;
- failure to send bills to your current address — assuming the creditor has your change of address, in writing, at least 20 days before the billing period ends; and
- charges for which you ask for an explanation or written proof of purchase, along with a claimed error or request for clarification.

## Exercise Your Rights

To take advantage of the law's consumer protections, you must:

- [write to the creditor \(/articles/0385-sample-letter-disputing-billing-errors\)](/articles/0385-sample-letter-disputing-billing-errors) at the address given for "billing inquiries," not the address for sending your payments, and include your name, address, account number, and a description of the billing error. Use our [sample letter \(/articles/0385-sample-letter-disputing-billing-errors\)](/articles/0385-sample-letter-disputing-billing-errors).
- send your letter so that it reaches the creditor within 60 days after the first bill with the error was mailed to you. It's a good idea to send your letter by certified mail; ask for a return receipt so you have proof of what the creditor received. Include copies (not originals) of sales slips or other documents that support your position. Keep a copy of your dispute letter.

The creditor must acknowledge your complaint, in writing, within 30 days after receiving it, unless the problem has been resolved. The creditor must resolve the dispute within two billing cycles (but not more than 90 days) after getting your letter.

## The Investigation

You may withhold payment on the disputed amount (and related charges) during the investigation. You must pay any part of the bill not in question, including finance charges on the undisputed amount.

The creditor may not take any legal or other action to collect the disputed amount and related charges (including finance charges) during the investigation. While your account can't be closed or restricted, the disputed amount can be applied against your credit limit.

The creditor may not threaten your credit rating, report you as delinquent, accelerate your debt, or restrict or close your account because your bill is in dispute or you have used your FCBA rights. However, the creditor may report that you are challenging your bill. In addition, it's against federal law for creditors to discriminate against credit applicants who exercise their rights in good faith under the FCBA. For example, a creditor can't deny you credit just because you've disputed a bill.

If it turns out that your bill has a mistake, the creditor must explain to you — in writing — the corrections that will be made to your account. In addition to crediting your account, the creditor must remove all finance charges, late fees, or other charges related to the error.

If the creditor determines that you owe a portion of the disputed amount, you must get a written explanation. You may request copies of documents proving you owe the money.

If the creditor's investigation determines the bill is correct, you must be told promptly and in writing how much you owe and why. You may ask for copies of relevant documents. At this point, you'll owe the disputed amount, plus any finance charges that accumulated while the amount was in dispute. You also may have to pay the minimum amount you missed paying because of the dispute.

If you disagree with the results of the investigation, you may write to the creditor, but you must act within 10 days after receiving the explanation, and you may indicate that you refuse to pay the disputed amount. At this point, the creditor may begin collection procedures. However, if the creditor reports you to a credit reporting company as delinquent, the report also must state that you don't think you owe the money. The creditor must tell you who gets these reports. The creditor also

must promptly report any subsequent resolution of the reported delinquency, to everyone who got a report.

Any creditor who fails to follow the settlement procedure may not collect the amount in dispute, or any related finance charges, up to \$50, even if the bill turns out to be correct. For example, if a creditor acknowledges your complaint in 45 days — 15 days too late — or takes more than two billing cycles to resolve a dispute, the penalty applies. The penalty also applies if a creditor threatens to report — or improperly reports — your failure to pay during the dispute period.

## Complaints About the Quality of Goods and Services

Disputes about the quality of goods and services are not "billing errors," so the dispute procedure doesn't apply. However, if you have a problem with goods or services you paid for with a credit or charge card, you can take the same legal actions against the card issuer as you can take under state law against the seller.

To take advantage of this protection, you must have made the purchase (it must be for more than \$50) in your home state or within 100 miles of your current billing address, and make a good faith effort to resolve the dispute with the seller first.

The dollar and distance limitations don't apply if the seller also is the card issuer — or if a special business relationship exists between the seller and the card issuer.

## Additional Billing Rights

Businesses that offer "open end" credit also must:

- give you a written notice when you open a new account — and periodically — that describes your right to dispute billing errors
- provide a statement for each billing period in which you owe — or they owe you — more than one dollar or on which you have been charged a finance charge
- send your bill at least 21 days before your payment is due (for credit cards), before any grace period expires and finance charges are imposed (for open end credit), and at least 14 days before a minimum payment is due to avoid being late (for open end credit even if no grace period exists)
- credit all payments to your account on the date they're received, unless no extra charges would result if they failed to do so. Creditors are permitted to set reasonable rules for making payments, say setting a reasonable deadline for payment to be received to be credited on the same date, but the time cannot be earlier than 5 p.m. on the due date.
- promptly credit or refund overpayments and other amounts owed to your account when your account is owed more than one dollar. If you prefer a refund, it must be sent within seven business days after the creditor receives your written request. The creditor also must make a good faith effort to refund a credit balance that has remained on your account for more than six months.

## Complaints

The Federal Trade Commission (FTC) enforces the FCBA for most creditors except banks. If you think a creditor has violated

the FCBA, [file a complaint \(/articles/0341-file-complaint-ftc\)](/articles/0341-file-complaint-ftc) with the FTC.

You also can sue a creditor who violates the FCBA. If you win, you may be awarded damages, plus twice the amount of any finance charge — as long as it's between \$500 and \$5,000, or higher amounts if a pattern or practice of violations is established. The court also may order the creditor to pay your attorney's fees and costs.

If possible, hire a lawyer who is willing to accept the amount awarded to you by the court as the entire fee for representing you. Some lawyers may not take your case unless you agree to pay their fee — win or lose — or add to the court-awarded amount if they think it's too low.

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## Related Items

- [How to File a Complaint \(https://www.consumer.ftc.gov/media/video-0054-how-file-complaint\)](https://www.consumer.ftc.gov/media/video-0054-how-file-complaint)
- [Sample Letter for Disputing Billing Errors \(https://www.consumer.ftc.gov/articles/0385-sample-letter-disputing-billing-errors\)](https://www.consumer.ftc.gov/articles/0385-sample-letter-disputing-billing-errors)
- [Using a Credit Card \(https://www.consumer.ftc.gov/articles/0205-using-credit-card\)](https://www.consumer.ftc.gov/articles/0205-using-credit-card)
- [Buyer's Remorse: When the FTC's Cooling-Off Rule May Help \(https://www.consumer.ftc.gov/articles/0176-buyers-remorse-when-ftcs-cooling-rule-may-help\)](https://www.consumer.ftc.gov/articles/0176-buyers-remorse-when-ftcs-cooling-rule-may-help)
- [Solving Consumer Problems \(https://www.consumer.ftc.gov/articles/0228-solving-consumer-problems\)](https://www.consumer.ftc.gov/articles/0228-solving-consumer-problems)
- [Sample Consumer Complaint Letter \(https://www.consumer.ftc.gov/articles/0296-sample-consumer-complaint-letter\)](https://www.consumer.ftc.gov/articles/0296-sample-consumer-complaint-letter)