

CONSUMER PROTECTION LAWS

This article describes federal and California state laws which have been enacted to protect the consumer. The information provided in this article is merely an overview of some significant consumer protection laws and does not set forth all of the laws which protect consumers.

Consumer Credit Protection Act

The Consumer Credit Protection Act has numerous provisions regarding the truth in lending law.

-Disclosure. The truth in lending law requires creditors to tell you, in simple language, the cost of the credit you wish to use. Specifically, a lender must state the "finance charge" or the total charges and fees involved, including interest fees, service charges, and credit investigation fees.

-Lenders must also state the percentage cost of borrowing money in terms of an annual percentage rate (APR). The APR is your key to comparing the cost of credit. You may sue any creditor who does not make the required disclosures.

-Credit cards. Truth in lending protects against unauthorized use of credit cards. If your credit card is lost or stolen, you are liable for no more than \$50.00 (per card) of charges made by someone else. You cannot be held responsible for any charges occurring after you have notified the card issuer. The law prohibits creditors from sending you a credit card unless you have requested it and requires that you have be sent periodic statements as to the status of your account

-Advertising. If a business mentions one credit feature in its advertising, then it must also mention all of the other important credit card terms.

-Cancellations. When your home is used as collateral in any credit transaction, this law allows you three (3) business days in which to reconsider the deal and to cancel if you wish. The lender must give you written notice of your right to cancel.

Electronic Funds Transfer Act

The Electronic Funds Transfer Act regulates those systems provided by banks and shopping services that are activated through electronic impulse. The most common system in use today is the Automated Teller Machine (ATM) which allows persons with a bank debt card to bank at an automatic machine, including the ability to make deposits, receive cash, pay bills, or transfer funds. Specific regulations under this law state that a valid ATM card can only be issued at your request; that the issuing financial institution must give you written information about your rights and responsibilities; that you are liable for only \$50.00 of unauthorized transfers if notify the issuing agency within two (2) business days after learning of loss/theft; that you are entitled to a printed receipt of your transaction; and that your bank must promptly investigate and correct any errors.

Equal Credit Opportunity Act

Under the Equal Credit Card Opportunity Act, you cannot be denied on the basis of your age, color, marital status, race, religion, sex, or the receipt of public assistance. The Act does not

guarantee that you will get credit. You must still be "credit-worthy." However, if you are denied credit, you have the right to know why in writing within 60 days.

Fair Credit Billing Act

This law requires creditors holding open-ended accounts to correct any billing errors. Should you question the bill, the law specifies the procedures for filing grievances with the creditor. Basically, you must notify the creditor in writing, preferably by certified mail, within 60 days of the first full bill containing the error. The creditor must acknowledge your letter within 30 days and investigate the discrepancy. In the meantime, you may withhold the amount in question—without being penalized by an adverse credit report or undue finance charges until the dispute is settled. The creditor cannot simply close your account when problems arise.

Fair Credit Reporting Act

This Act establishes procedures for correcting mistakes on your credit record and if you have been denied credit, permits you to review your credit record free of charge within 30 days of denial.

Fair Debt Collection Practices Act

This Act prohibits abuse, threat of harm and harassment by professional debt collectors. The federal law does not apply to lenders who collect only their own debts, such as banks. However, a more restrictive California state law provides that no debt collectors may: telephone you before 8:00 am or after 9:00 pm; call you an unreasonable number of times; use profanity or obscenities; threaten you with legal action if they have no intent to sue.

If you have specific questions regarding any consumer law or its application to your situation, you can contact the California Department of Consumer Affairs located in Sacramento, California at 800-952-5210. You may also write the California Department of Consumer Affairs 1625 North Market Blvd, Suite N112, Sacramento, CA 95834.

This document is provided for information only and should not be considered legal advice. If you have further questions pertaining to this matter, visit our office in Building 358, Presidio of Monterey, Monterey, CA or call (831) 242-5083/5084.