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NEWS RELEASE

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KNOW THE DIFFERENCE BETWEEN YOUR CARD TYPES

Boise, Idaho . . . Whether it is for a vacation, home improvement project, or simple everyday necessities, many consumers will use debit, credit, and prepaid cards this season for their purchases. There are significant differences in each of these cards regarding the fees imposed and consumer liability in the event a card is lost or stolen.

Each Card Works Differently

If you use a credit card, you are borrowing money that you must pay back in addition to interest that is applied to the balance due. If you use your debit card, which is issued by your financial institution and commonly linked to your checking or savings accounts, money for your purchases is drawn from your current account balances, saving you the cost of borrowing money. If you use a prepaid card, you are spending against a balance of funds that have been prepaid to the card issuer. The prepaid card is typically not linked to your checking or savings account and may allow funds to be reloaded onto the card as the balance is spent down.

Fees Charged on Each Card

- In addition to interest expense on the money you borrow, if you agree with your credit card issuer to allow over-the-limit transactions, you may be charged additional fees. Credit cards will also commonly include charges for late payments, cash-advance transactions, and even annual membership fees, among other items, depending on the type of card you have.
- If you have given your written permission to allow debit card purchases that exceed your existing account balances, you may be charged an overdraft fee if your financial institution authorizes a purchase in excess of the funds available in your accounts. You can revoke this authorization if you don't want to risk paying these fees. However, be aware that if you do not have funds in your bank accounts, your debit card transactions may be declined.
- Prepaid cards may generate various fees, including monthly fees, charges for loading funds onto the card, and fees for each transaction. It's important to read the terms of a prepaid card and know what fees will be charged before you buy the card.

Your Liability for Unauthorized Transactions

Among the differences between credit, debit, and prepaid cards is the amount of your liability in the event a card is lost or stolen. If a credit card is lost or stolen, federal law limits your losses to a

maximum of fifty dollars. If a debit card is lost or stolen, report it to your financial institution as soon as possible as federal law protects you from liability once you have provided this notice. There are no federal consumer protections limiting your losses with other general-purpose, reloadable prepaid cards and store gift cards. For all card types, industry practices may further limit your losses, so check with your card issuer for further detail.

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