

Resolving Billing Errors

Office of the Staff Judge Advocate

LEGAL ASSISTANCE

I Corps (Fwd) and U.S. Army Japan

Have you ever been billed for merchandise you 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 through the dispute settlement procedures provided by the Fair Credit Billing Act (FCBA).

Which Credit Cards Are Covered?

The FCBA generally applies only to “open end” credit accounts. Open-end accounts include credit cards and revolving charge accounts (such as department store accounts). The periodic bills, or billing statements, you receive (usually monthly) for such accounts are covered by the FCBA. The Act does not apply to a loan or credit sale that is paid according to a fixed schedule until the entire amount is paid back (often called an installment contract).

What Types Of Disputes Are Covered?

The FCBA settlement procedure applies only to disputes over “billing errors” on periodic statements such as the following:

- Charges not made by you or anyone authorized to use your account.
- A charge which is incorrectly identified or for which the wrong amount or date is shown.
- Charges for goods or services you did not accept or were not delivered as agreed.
- Computational or similar errors.
- Failure to properly reflect payments or other credits, such as returns.
- Not mailing or delivering bills to your current address (provided you give the creditor your change of address at least 20 days before the billing period ends).
- Charges for which you request an explanation or written proof of purchase.

How Do I Use The Settlement Procedure?

You can telephone the creditor if you wish to attempt to resolve the problem, but phoning does not trigger the legal safeguards provided under the FCBA. To take advantage of the law’s consumer protections, you must:



- Write to the creditor 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.
- Send your letter so that it reaches the creditor within 60 days after the first bill containing the error was mailed to you.

You should send your letter by certified mail, return receipt requested, so you have proof of what the creditor received. Include copies (not originals) of the sales slips or other documents that support your position. Keep a copy of your dispute letter for your records.

What Must The Creditor Do?

Your letter claiming the billing error must be acknowledged within 30 days after it is received by the creditor, unless the problem is resolved within that period. In any case, within two billing cycles (but not more than 90 days), the creditor must conduct a reasonable investigation and either correct the mistake or explain why the bill is believed to be correct.

What Happens When My Bill Is In Dispute?

You may withhold payment of the amount in dispute, including the affected portions of minimum payments and finance charges, until the bill is resolved. You are still required to pay any part of the bill which is not in dispute, including finance and other charges on undisputed amounts. During the continuation of the FCBA dispute settlement process, the creditor may not take any action, legal or otherwise, to collect the amount in dispute. Your account may not be closed or restricted in any way, except that the disputed amount may be applied against your credit limit. If the bill is found to be correct, then interest will be applied.

What About My Credit Rating?

The creditor may not threaten your credit rating or report you as delinquent while your bill is in dispute. However, the creditor may report that you are challenging your bill. In addition, the Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants who exercise their rights, in good faith, under the FCBA.

What if My Bill is Incorrect?

If your bill contains errors, the creditor must explain to you – in writing – that corrections that will be made to your account. In addition to crediting your account, the creditor must remove any and all finance charges, late fees or other charges related to that error.



What Happens if the Creditor Fails to Follow the Procedure?

Any creditor who fails to follow the settlement procedure may not collect the amount in dispute, or any related finance charge, up to \$50, even if the bill turns out to be correct.

WARNING

Disputes about the quality of goods and services are not “billing errors,” so the dispute procedure does not apply. However, if you buy unsatisfactory goods or services with a credit 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 regarding the quality of goods or services, you must:

- Have made the purchase (more than \$50) in your home state or within 100 miles of your current billing address.
- Make a good faith effort to resolve the dispute with the seller first. Most reputable sellers will stand by their goods and discuss the possibility of a refund or exchange with you.

Can I Sue the Creditor?

You can sue the 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 \$100 and \$1000. The court may also order the creditor to pay your attorney’s fees and costs.

Reporting FCBA violations.

The federal trade Commission (FTC) enforces the FCBA for most creditors except banks. You can file a complaint with the FTC by contacting the Consumer Response Center by phone: toll free 1-877-FTC-HELP (382-4357) or by mail at:

Consumer Response Center, FTC
600 Pennsylvania Ave, NW
Washington, D.C. 20580

Resolving Billing Errors is distributed by the Camp Zama Legal Assistance Office, located in Building 101, Room CE209. Our office hours are 0830 to 1630 Monday through Wednesday and Friday. On Thursday, our hours are 0830 to 1500. You may call for an appointment at DSN 263-4698/ commercial 046-407-4698.