

*Protecting Wisconsin Consumers for 75 Years*

## Gift cards

Gift cards are the modern day replacement to gift certificates. A gift card usually resembles a credit card and may display a specific theme. The card is identified by a specific number or code, not usually with an individual name, and can be used by anyone. They are backed by an online system for authorization. Some gift cards can be reloaded and used multiple times.

Although Wisconsin does not regulate the sale of gift cards, the federal government does. The following information outlines the federal rules:

Federal Reserve rules provide consumer safeguards on most prepaid gift cards:

- Retail gift cards sold by retailers, stores, or restaurants and are used at the seller's location.
- Bank gift cards with payment card network logos like MasterCard, Visa, American Express, or Discover and are redeemable wherever the brand is accepted.
- Printed and electronic gift certificates are also included.

- Cards given as a reward or as part of a promotion for making a purchase.

Other types of prepaid cards **are not covered**:

- Reloadable prepaid cards intended to be used like a checking account substitute and not for gift-giving purposes are not covered. They may carry the logos of MasterCard, Visa, American Express, or Discover just like their "bank gift cards" above, which are intended for giving and are covered.
- Also excluded are the following types of prepaid devices:
  - Telephone service cards.
  - Loyalty and promotional cards.
  - Reloadable cards not marketed as "gift cards".
  - Paper issued gift certificates for tickets, admission, spa, and coupons.

### How are consumers protected?

**Bank gift cards** – can charge one time fees for activation, cash-out, or when additional cards are requested.

**Expiration dates** – must be at least five years from date of purchase on most cards. Exceptions are cards given as a reward or promotion for making a purchase. That type can expire in one year. The expiration date must be clearly disclosed on the card.

**Expiration date extensions** – must be given on cards which allow for the addition of more money after it was purchased. The card may not expire for at least five years from the last date additional money was added. Replacement cards may be requested at no charge when the original card has an expiration date prior to money added extensions. Check the card's expiration date when money is added and verify it is at least five years later. If not, request a replacement card.

**Dormancy, inactivity, and service fees** – are allowed when a card has not been used for more than one year. Fees may be charged once per month and there are no limits on the fee amount. All fees must be clearly disclosed on the card or its packaging.

**Fees** – may be charged when a card is purchased or money is added, and must be clearly disclosed on the card or its packaging.

**After one year** – monthly fees for usage or maintenance are allowed, and must be clearly disclosed on the card or its packaging.

**Lost or stolen gift cards** – do not have to be replaced. Issuers who choose to replace cards may charge replacement related fees.

## Tips for buying gift cards

Buying directly from known and trusted sources is the best method. Inspect the card before buying it for removed protective stickers or scratched off areas revealing codes or PIN number and report damaged cards to the seller. Avoid online purchase of unwanted or unused cards, and use caution when selling a card. Most sellers and buyers are legitimate, but not all.

- Never give out a gift card's number or PIN when selling. A card may be used with this information prior to being purchased.
- Meet with sellers at a location where the gift card can be used. Verify the card's remaining balance and that transfer of ownership is allowed prior to making the purchase. Request the original receipt for verification of purchase in case the card is lost, stolen, or should there be a problem.

Consider the financial condition of the retailer or restaurant. If a location closes, the next closest one could be far away. Gift cards can become worthless when a website, company, chain, or only location files for bankruptcy or closes. Should this happen:

- Contact the business to find out if the gift card can be used at another location or competitor, and if the value remains in full or has been reduced. Make sure a card is used in full prior to any shorten time that it remains valid.
- Contact competitors directly to see if they are honoring the gift cards in full or at a lesser value.
- Keep the gift card in a safe place in case it becomes valid again through reorganization, buyout, or reopening.

Read the fine print on the card, its packaging, website, or printed mail/advertisement before buying. Request a printed copy of fees, terms or conditions, shipping and handling charges before purchasing over the phone. Know how consumers are protected by reading the information above and buy elsewhere if there are any concerns.

**When giving a gift card** – make sure the recipient holds on to the receipt and any other printed material until all the money on the card has been used.

## Tips for using gift cards

Use gift cards as soon as possible to get full value. It's not unusual to misplace or forget about gift cards.

Treat gift cards like cash and report lost or stolen cards immediately to the issuer.

Hold on to receipts and any other printed material until all the money on the card has been used.

Contact the issuer if there is a problem – most issuers provide toll-free numbers. It may be possible to have an expired card honored or fees reversed.

## More information and complaints

Again, because Wisconsin does not regulate the sale of gift cards, contact these federal agencies for more information or to file a complaint:

### Retailer and restaurant issued cards:

Federal Trade Commission (FTC)  
Website: [ftc.gov](http://ftc.gov)  
Complaint Website:  
[www.ftccomplaintassistant.gov](http://www.ftccomplaintassistant.gov)  
1-877-FTC-HELP  
(1-877-382-4357)

### Bank issued cards:

Comptroller of the Currency's (OCC)  
Customer Assistance Group  
1-800-613-6743  
Email: [customer.assistance@occ.treas.gov](mailto:customer.assistance@occ.treas.gov)

(Information taken from Federal Trade Commission and Federal Reserve websites)