

Consumer Protection Laws Summarized

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 in the State of California. Therefore, if you have specific questions regarding any consumer law, or its application to your situation please contact the Defense Language Institute Legal Assistance Office, Building 275, Presidio of Monterey or consult with a private attorney. Also, the California Department of Consumer Affairs, located in Sacramento, California, maintains a toll-free Consumer Info-Line which provides information regarding consumer problems. The telephone number is 1-800-952-5210. You may write the California Department of Consumer Affairs 1625 North Market Blvd, Suite N112, Sacramento, CA 95834.

Truth in Lending

The Consumer Credit Protection Act has a number of provisions regarding "truth in lending".

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 debit 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 you 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

The Fair Credit Reporting 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, the more restrictive California state law provides that no debt collectors may: (1) telephone you before 8:00 am or after 9:00 pm; (2) call you an unreasonable number of times; (3) use profanity or obscenities; (4) threaten you with legal action if they have no intent to sue; (5) misrepresent themselves as an attorney, law enforcement person or other whom they are not;

(6) threaten you with arrest, imprisonment or bodily harm; or (7) seize, garnish without a judgment entered by a court of law. A debt collector may contact your employer or other person only to determine your whereabouts or to verify employment but never to discuss your bill!

Home Solicitation or "Door-to-Door" Sales Laws

Many service members fall victim to sellers peddling goods or services in places in which business is not ordinarily conducted, such as at the front door of your home. Under California and federal law, you have the right to cancel a contract for goods or services worth \$25.00 or more and which was entered into away from appropriate business premises until midnight of the THIRD business day (every calendar day except Sunday and holidays) after the day on which you signed the agreement to purchase. Your right to cancel continues until the seller has given you appropriate notice of your right to cancel the agreement. Cancellation must be in writing.

Bankruptcy

Persons filing for bankruptcy in federal court seek to legally eliminate some or all of their debts. Under Chapter 7 of the Bankruptcy Code, assets are sold in order to pay debts. Once the debtor's assets are sold, the court issues a discharge of the debtor's debts and the creditors who were not fully paid are barred from trying to collect the debts. However, some debts cannot be eliminated through bankruptcy proceeding including child and spousal support, income taxes, guarantee student loans and debts incurred under false pretenses.

Debtors may keep certain "exempt" property, such as equity in their home, veteran's benefits, automobiles, jewelry, personal clothing, furnishings, appliances and household effects and tools used in business.

Under Chapter 13 of the Bankruptcy Code, the assets of a debtor are not sold. Instead, the debtor files a plan providing for the payment of some or all of the debts over several years. For persons who can repay their debts, it may be best to file under Chapter 13, rather than Chapter 7. Nevertheless, future creditors look unfavorably upon persons who have filed bankruptcy.

For further information or an appointment to see a licensed attorney, please contact the Legal Assistance Office at the Presidio of Monterey, by telephone at (831) 242-5084 or DSN 768-5084.