

You Lost Your Debit Card -- How Much Do You Pay?

You stop at the grocery store for just a few items, but the next thing you know, you have a cart full of food and only a few bucks in your pocket. That when you notice that you left your checkbook at home, but it's not a problem you have your debit card with you.

You slide your card, punch in a few numbers and you're on your way. A few days later you notice that you don't have your debit card and now instead of enjoying its convenience, you're worried about how much in fraudulent charges you'll be responsible for.

Debit cards have become extremely popular as the plastic of choice for paying for many types of purchases. According to consumer experts more than 2/3rd of Americans have a debit card in their wallet and, in 2003, debit card purchases topped \$1.48 trillion, outpacing credit card purchases by nearly \$300 million.

The convenience of sliding a card instead of writing a check has been a boon for retailers, but it's also been a boon for debit card fraudsters and identity thieves. Last year the American Bankers Association (ABA) reported that fraud involving debit cards cost banks nearly \$51 million and many bankers believe that this is just the tip of the iceberg.

If you're one of those people who prefer using your debit card instead of writing a check, then you need to know that you're at risk of losing money every time you slide your card or present it to pay a bill. How much you can lose depends on the type of card you carry and when you report the loss or theft.

What's your responsibility for fraudulent charges on your card?

Since your debit card is tied to your checking or savings account, if it's lost or stolen and someone else uses it, the consequences could be financially devastating. The amount of fraudulent charges you could be responsible for depends on how quickly you report the card lost or stolen to the issuing bank.

- If you determine that your card has been lost or stolen and report it to the issuing bank within 2 days, of discovering the loss, you'll only be held responsible for up to \$50 of fraudulent charges made on your card.
- If you report the card lost or stolen in 2 to 60 days, you can be responsible for up to \$500 in fraudulent charges.
- If you wait more than 60 days after receiving a bank statement that includes an unauthorized transfer, you can be held responsible for an unlimited amount of fraudulent charges on your card, but you will not be held responsible for any funds withdrawn after you notify your bank that the card was lost or stolen.

Debit cards with the Master Card or Visa logo offer a higher level of protection for some consumers. Visa and Master Card have both placed a voluntary limit of \$50 on debit cards bearing their logo where the transactions are signature based.

Steps to take if your debit card is lost or stolen

In the event that your debit card is lost or stolen, there are certain steps you need to take immediately to limit your responsibility for fraudulent charges.

First, call the issuing bank and cancel the card immediately! If you contact the bank and cancel the card before any charges are made on the card you won't be held responsible for any charges. Even if you think you lost the card and that you may find it, it's safer to cancel the card and limit your liability. Make sure that you keep a written record of the date, time and who you spoke to at the issuing bank.

Second, file a police report. Whether or not your bank requires it, you should file a police report with your local police department. In the event that a negative entry is made on your credit report about charges that were fraudulent, you'll need the report to prove that you didn't make the charges.

The best way to prevent fraudulent charges on your card is to keep your card and account numbers out of the

hands of thieves. Identity thieves are extremely sophisticated and they don't need to have the physical card to drain your account, all they need certain information from the card. Here are some steps that you should take to protect yourself from card thieves.

Be aware of your surroundings. If you use your debit card at an ATM machine, make sure that you're aware of who is around you and shield the keyboard with your body when entering your personal identification number (PIN).

When using a drive up ATM, make sure that the area is well lit and is in view of passing traffic. Don't use an ATM in a neighborhood you feel uncomfortable in.

Check out the ATM machine. If there is a transparent overlay on the ATM keyboard don't use the machine. ATM thieves use keyboard overlays to capture PINs. Also, if there is a detached card reader next to the machine, take your business elsewhere: these devices are used to capture debit card data.

Don't use your debit card for online purchases, use your credit card. If online thieves get your debit card information they can drain your bank account; if they get your credit card information they can only make charges up to the credit limit of the card. It's much easier and less costly to dispute credit card charges than charges than withdrawals from your bank account.

Commit your PIN to memory, don't write it down. Don't give your PIN to anyone, not even someone at the issuing bank.

Using your debit card to pay for purchases is convenient and fast, but it also exposes you to numerous risks. Be card smart: keep track of your debit card, monitor your bank account on a regular basis, take precautions when using your debit card, and, if your card is lost or stolen, report it immediately.

Short note about the author

Drahcir Semaj is a St. Cloud, MN based freelance writer who writes about health and personal finance issues. He can be contacted at his email address: drahcir@drahcirsemaj.com.

Author: Drahcir Semaj

Article downloaded from page [eioba.com](https://www.eioba.com)