DECEMBER 2014 HOLIDAY EDITION

FLORIDA CONSUMER eNEWSLETTER

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Purchasing Gift Cards

Gift cards are a convenient gift to exchange, giving the recipient the ability to receive exactly what they want. According to a 2014 National Retail Federation Gift Card Spending Survey, the average consumer will spend $172.74 in gift cards this year. Gift cards have been the most requested gift item for the past eight years, with card sales expected to reach $32 billion in 2014.

Closed-Loop vs. Open-Loop Cards

Retail gift cards, sometimes referred to as "closed-loop" cards, are sold by retailers and restaurants and can typically be used only with those merchants. While these may have certain purchasing exclusions in their individual terms and conditions, by Florida law they cannot have an expiration date or any post-sale charge or fee.

Bank gift cards, or "open-loop" cards will carry the logo of a payment card network such as American Express, VISA or MasterCard. Their major advantage is that they are able to be used at any location accepting cards from that network. According to the Credit CARD Act of 2009, these cards cannot expire for at least five years and no inactivity or "service fees" (such as balance inquiry fee or an ATM fee) can be deducted from the balance each month. The law also states that both retail gift cards and bank gift cards are required to print key terms and conditions on the card itself, including: fee information, expiration information, a toll-free number for additional information and a website, if available.

Avoid Gift Card Fraud

Fraudsters have taken advantage of the growing gift card industry by employing card "cloning." Card cloning occurs when someone steals gift cards that have not yet been activated from store shelves, duplicates the cards using a magnetic card reader and waits for the cards to be activated. Once the cards have been activated, the person depletes the funds on the gift cards before the purchaser, leaving the recipient empty-handed.

Consumers should keep these tips in mind to protect themselves from gift card fraud:

- Inspect the gift card carefully for signs of tampering before making a purchase. For example, many cards have a PIN or personal identification number on the back of the card under a silver scratch-off area, which is unique to the card. Do not purchase the card if the area has already been scratched.
- Purchase gift cards from a reputable source. If a card is purchased from an unknown source, consumers run the risk of buying a counterfeit card or having the card balance drained shortly after purchase.

The Florida Department of Agriculture and Consumer Services is the state's clearinghouse for consumer information, protection and complaints. Consumers who believe fraud has taken place should contact the department at 1-800-HELP-FLA (435-7352) within Florida, 1-800-FL-AYUDA (352-9832) en Español or (850) 410-3800 from outside of Florida. Visit us online at www.800helpfla.com.

DACS P-00030 Rev. 12/14