

SENATE BILL REPORT

SB 6090

AS OF JANUARY 27, 1992

Brief Description: Regulating credit card account debits.

SPONSORS: Senator McCaslin

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Staff: Benson Porter (786-7470)

Hearing Dates: January 28, 1992

BACKGROUND:

The Washington Retail Installment Sales Act governs most consumer credit transactions involving retailers and distinguishes among several types of credit transactions. For example, the act distinguishes between a lender credit card and a financial institution credit card. For purposes of the act, a lender credit card is a card issued by an entity that is not a financial institution. Conversely, a financial institution credit card is a card that is issued by a financial institution.

Under the act, a retailer is required to notify the issuer of a lender or financial institution credit card that a customer has returned an item purchased with the card. The retailer must transmit notice to the credit card issuer in an agreed manner within seven working days of the credit transaction. The credit card issuer must credit the consumer's account within three working days of receipt of the credit statement. If the retailer or credit card issuer fails to comply with these provisions, the customer is not responsible for any service charges resulting from such failure.

In some retail transactions, a statement is transmitted to the credit card issuer to debit the customer's account before the customer has received the goods. Some concern has been expressed about this practice.

SUMMARY:

The seller of goods may not transmit a statement to the credit card issuer debiting the customer's account for goods purchased with a credit card unless the customer has actually received and approved the goods.

Appropriation: none

Revenue: none

Fiscal Note: none requested

