

By Mr. Aguiar of Swansea, petition of Antone S. Aguiar, Jr., for legislation relative to the prompt and fair resolution of credit billing disputes. Banks and Banking.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Seventy-Nine.

AN ACT FURTHER PROVIDING FOR THE PROMPT AND FAIR RESOLUTION OF CREDIT BILLING DISPUTES.

*Be it enacted by the Senate and House of Representatives in General Court assembled and by the authority of the same, as follows:*

1 SECTION 1. Subsection (a) of section 6 of chapter 140C of the  
2 General Laws is hereby amended by striking out clause (7), as  
3 appearing in section 1 of chapter 517 of the acts of 1969, and  
4 inserting in place thereof the following two clauses:

5 (7) the minimum periodic payment required; and (8) the follow-  
6 ing notice: "NOTICE: See accompanying statement for important  
7 information regarding your rights to dispute billing errors" and a  
8 separate statement containing substantially the following text,<sup>1</sup> as  
9 applicable, written clearly and conspicuously, shall accompany the  
10 statement required by subsection (a) of this section; or the follow-  
11 ing text without the preceding notice may be included on the  
12 statement required by subsection (a) of this section if disclosed  
13 clearly and conspicuously; or the following text may be included  
14 on the reverse side of the statement required by paragraph (a) of  
15 this section with the following notice on the face of the statement:  
16 "NOTICE: See reverse side for important information regarding  
17 your rights to dispute billing errors.";

18 *In Case of Errors or Inquiries About Your Bill*

19 The Federal Truth in Lending Act requires prompt correction of  
20 billing mistakes.

<sup>1</sup> Wherever the word "creditor" appears or is referred to in the statement, the creditor may substitute appropriate references, such as "company," "bank," "we" or a specific name.

21 1. If you want to preserve your rights under the Act, here's what  
22 to do if you think your bill is wrong or if you need more informa-  
23 tion about an item on your bill:

24 a. Do not write on the bill. On a separate sheet of paper write  
25 [*Alternate*: Write on the bill or other sheet of paper (you may  
26 telephone your inquiry but *doing so will not preserve your rights*  
27 *under this law*) the following:]

28 i Your name and account number (if any).

29 ii A description of the error and an explanation (to the extent  
30 you can explain) why you believe it is an error.

31 If you only need more information, explain the item you are not  
32 sure about and, if you wish, ask for evidence of the charge such as a  
33 copy of the charge slip. Do not send in your copy of a sales slip or  
34 other document unless you have a duplicate copy for your records.

35 iii The dollar amount of the suspected error.

36 iv Any other information (such as your address) which you  
37 think will help the creditor to identify you or the reason for your  
38 complaint or inquiry.

39 b Send your billing error notice to the address on your bill  
40 which is listed after the words: "Send Inquiries To:" or similar  
41 wording. [*Alternate*: Send your billing error notice to: (creditor's  
42 name and address)].

43 Mail it as soon as you can, but in any case, early enough to reach  
44 the creditor within 60 days after the bill was mailed to you. If you  
45 have authorized your bank to automatically pay from your check-  
46 ing or savings account any credit card bills from that bank, you can  
47 stop or reverse payment on any amount you think is wrong by  
48 mailing your notice so the creditor receives it within 16 days after  
49 the bill was sent to you. However, you do not have to meet this  
50 16-day deadline to get the creditor to investigate your billing error  
51 claim.

52 2. The creditor must acknowledge all letters pointing out possi-  
53 ble errors within 30 days of receipt, unless the creditor is able to  
54 correct your bill during that 30 days. Within 90 days after receiving  
55 your letter, the creditor must either correct the error or explain why  
56 the creditor believes the bill was correct. Once the creditor has  
57 explained the bill, the creditor has no further obligation to you

58 even though you still believe that there is an error, except as  
59 provided in paragraph 5 below.

60 3. After the creditor has been notified, neither the creditor nor  
61 an attorney nor a collection agency may send you collection letters  
62 or take other collection action with respect to the amount in  
63 dispute; but periodic statements may be sent to you, and the  
64 disputed amount can be applied against your credit limit. You  
65 cannot be threatened with damage to your credit rating or sued for  
66 the amount in question, nor can the disputed amount be reported  
67 to a credit bureau or to other creditors as delinquent until the  
68 creditor has answered your inquiry. *However, you remain obli-*  
69 *gated to pay the parts of your bill not in dispute.*

70 4. If it is determined that the creditor has made a mistake on  
71 your bill, you will not have to pay any finance charges on any  
72 disputed amount. If it turns out that the creditor has not made an  
73 error, you may have to pay finance charges on the amount in  
74 dispute, and you will have to make up any missed minimum or  
75 required payments on the disputed amount. Unless you have  
76 agreed that your bill was correct, the creditor must send you a  
77 written notification of what you owe; and if it is determined that  
78 the creditor did make a mistake in billing the disputed amount, you  
79 must be given the time to pay which you normally are given to pay  
80 undisputed amounts before any more finance charges or late pay-  
81 ment charges on the disputed amount can be charged to you.

82 5. If the creditor's explanation does not satisfy you and you  
83 notify the creditor *in writing* within 10 days after you receive his  
84 explanation that you still refuse to pay the disputed amount, the  
85 creditor may report you to credit bureaus and other creditors and  
86 may pursue regular collection procedures. But the Creditor must  
87 also report that you think you do not owe the money, and the  
88 creditor must let you know to whom such reports were made. Once  
89 the matter has been settled between you and the creditor, the  
90 creditor must notify those to whom the creditor reported you as  
91 delinquent of the subsequent resolution.

92 6. If the creditor does not follow these rules, the creditor is not  
93 allowed to collect the first \$50 of the disputed amount and finance  
94 charges, even if the bill turns out to be correct.

95 7. If you have a problem with property or services purchased  
96 with a credit card, you may have the right not to pay the remaining  
97 amount due on them, if you first try in good faith to return them or  
98 give the merchant a chance to correct the problem. There are two  
99 limitations on this right.

100 a. You must have bought them in your home state or if not  
101 within your home state within 100 miles of your current mailing  
102 address; and

103 b. The purchase price must have been more than \$50. However,  
104 these limitations do not apply if the merchant is owned or operated  
105 by the creditor, or if the creditor mailed you the advertisement for  
106 the property or services.

1 SECTION 2. Said section 6 of said chapter 140C is hereby  
2 further amended by adding after subsection (g), added by section  
3 14 of chapter 52 of the acts of 1977, the following subsection: —

4 (h) (1) The creditor shall mail or deliver during two billing  
5 cycles per year to each customer entitled to receive a periodic  
6 statement under subsection (b) such billing cycle, the statement  
7 required by clause (8) of subsection (a), written clearly and conspic-  
8 uously either on one or both sides of a separate page or on one or  
9 both sides of the periodic statement required by subsection (b) of  
10 this section.

11 (2) The timing of the mailing or delivery of such semiannual  
12 statements shall be not less than 5 or more than 7 months after the  
13 month in which the last preceding such statement was mailed or  
14 delivered, Provided that:

15 (i) The creditor shall select at least 2 billing cycles in any 12  
16 month calendar period for the mailing or delivery of such state-  
17 ments; and

18 (ii) The first semiannual statement to any new customer may be  
19 mailed or delivered to that customer during the next regularly  
20 scheduled mailing or delivery of semiannual statements in which he  
21 is entitled to receive a semiannual statement under clause (1) of this  
22 subsection.

23 (3) If the creditor chooses to alter the cycle of mailing or deliver-  
24 ing semiannual statements, the creditor may mail or deliver the

25 semiannual statement less than 5 months after the last preceding  
26 such statement was mailed or delivered, provided that the creditor  
27 mails or delivers at least 3 such statements in the next twelve  
28 months computed from the month in which the last preceding  
29 semiannual statement was mailed or delivered.

30 (4) Nothing in this section shall be construed to prohibit a  
31 creditor from mailing or delivering the statement required by this  
32 section more frequently than semiannually.

33 (5) As an alternative to the requirements of clause (1) of this  
34 subsection the creditor may mail or deliver, on or with each perio-  
35 dic statement required under subsection (b), substantially the fol-  
36 lowing statement and, if applicable, the periodic statement must  
37 contain one of the notices provided for in clause (3) of subsection  
38 (c), provided that the creditor must promptly but in no event later  
39 than 30 days, mail or deliver to a customer the statement required  
40 by clause (8) of subsection (a) at any time upon a customer's  
41 request and also upon receipt of each billing error notice mailed or  
42 delivered to the creditor by a customer:

43 *In Case of Errors or Inquiries About Your Bill*

44 Send your inquiry in writing at creditor's option: on a separate  
45 sheet so that the creditor receives it within 60 days after the bill was  
46 mailed to you. Your written inquiry must include:

- 47 1. Your name and account number (if any);
- 48 2. A description of the error and why (to the extent you can  
49 explain) you believe it is an error; and
- 50 3. The dollar amount of the suspected error.

51 If you have authorized your creditor to automatically pay your  
52 bill from your checking or savings account, you can stop or reverse  
53 payment on any amount you think is wrong by mailing your notice  
54 so that the creditor receives it within 16 days after the bill was sent  
55 to you.

56 You remain obligated to pay the parts of your bill not in dispute,  
57 but you do not have to pay any amount in dispute during the time  
58 the creditor is resolving the dispute. During that same time, the  
59 creditor may not take any action to collect disputed amounts or  
60 report disputed amounts as delinquent.

61 If you have a problem with property or services purchased with a  
62 credit card, you may have the right not to pay the remaining

63 amount due on them if you first try in good faith to return them or  
64 give the merchant a chance to correct the problem. There are two  
65 limitations on this right:

66 1 You must have bought them in your home state or, if not  
67 within your home state, within 100 miles of your current mailing  
68 address; and

69 2. The purchase price must have been more than \$50.

70 However, these limitations do not apply if the merchant is  
71 owned or operated by the creditor, or if the creditor mailed you the  
72 advertisement for the property or services.

73 This is a summary of your rights; a full statement of your rights  
74 and the creditor's responsibilities under the Federal Fair Credit  
75 Billing Act will be sent to you both upon request and in response to  
76 a billing error notice.

1 SECTION 3. Section 7 of said chapter 140C is hereby amended  
2 by striking out subsection (q), added by section 21 of said chapter  
3 52, and inserting in place thereof the following section: —

4 (q) In addition to the requirements of this section, consumer  
5 credit other than open end which is extended on an account by use  
6 of a credit card shall also be subject to the requirements of clauses  
7 (5), (6), (7) and (8) of subsection (a) of section six, clauses (1), (2),  
8 (3), (8) and (9) of subsection (b) of said section six, subsections (c)  
9 and (h) of said section six, section six A, subsections (b) and (c) of  
10 section six B, sections six C, six D and nine B, and section twelve F  
11 of chapter two hundred and fifty-five.



