

BILL ANALYSIS

C.S.H.B. 1555
By: Pickett
Financial Institutions
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Currently, Texas does not have a law addressing investigation and correction of credit card billing errors. Federal law states that a consumer must notify the card issuer in writing within 60 days after the first bill containing the error was mailed to them. Credit card consumers have occasional problems correcting errors regarding their credit card accounts within a given time.

C.S.H.B. 1555 provides that if a credit card company determines that an error has been made with respect to fees or interest, the company must credit the cardholder's account within a specific time frame and send the cardholder written notice of the error and the correction that has been made. In addition the substitute requires the credit card company to include a notice on or with a credit card account statement that is conspicuous and must provide the name and telephone number of the federal regulatory agency that has primary jurisdiction to regulate the activities of the credit card company.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 1555 amends the Finance Code by adding Section 339.006. C.S.H.B. 1555 adds definitions for "credit card" and "credit card company." If the holder of a credit card contacts the credit card company regarding an error with respect to the interest or fees charged to the holder by the company, C.S.H.B. 1555 requires the company, not later than the 45th day after the date the company receives the notification, to determine whether an error has been made, and notify the holder of the determination by telephone, facsimile, or electronic mail. If the credit card company determines under Subsection (b) that an error has been made with respect to the interest or fees charged to a credit card holder, the company shall credit any overcharges to the holder's account and permanently correct the error, not later than the fifth business day after the 45th day after the date on which the company receives the notification under Subsection (b), and send to the holder written notice acknowledging the error to be corrected.

C.S.H.B. 1555 requires that written notice under Subsection (c)(2) must be received by the holder not later than the fifth business day after the 45th day after the date on which the company receives the notification under Subsection (b). A credit card company shall include a notice on or with a credit card account statement provided by the company. The notice must be conspicuous, provide the name and telephone number of the federal regulatory agency that has primary jurisdiction to regulate the activities of the credit card company, and state: "For complaints about dispute resolution, contact (name and telephone number of applicable federal regulatory agency)." C.S.H.B. 1555 makes a violation of this section a deceptive trade practice under Subchapter E, Chapter 17, Business & Commerce Code. For purposes of an action brought under that statute as provided by this subsection, the provision of credit under a credit card agreement is considered a service and a credit card holder is considered a consumer.

C.S.H.B. 1555 makes Sections 339.006(b)-(d), Finance Code, as added by this Act, apply only to an error about which a credit card company is notified as provided by that section on or after September 1, 2007. Section 339.006(e), Finance Code, as added by this Act, applies only to an account statement provided by a credit card company on or after September 1, 2007.

C.S.H.B. 1555 80(R)

EFFECTIVE DATE

September 1, 2007.

COMPARISON OF ORIGINAL TO SUBSTITUTE

C.S.H.B. 1555 modifies the original version by changing the date the credit card company shall notify the credit card holder from within 48 hours to not later than the 45th day after the date the company receives the notification from the credit card holder of an error. C.S.H.B. 1555 changes the date the credit card company must credit any overcharges to the holder's account from within 48 hours to not later than the 45th day after the date on which the company receives the notification under Subsection (b). C.S.H.B. 1555 changes the date the written notice under Subsection (c) (2) must be received by the holder not later than the fifth business day after the date on which the 48-hour period under Subsection (b) expires to the fifth business day after the 45th day after the date on which the company receives the notification under Subsection (b). C.S.H.B. 1555 modifies the original by adding a credit card company shall include a notice on or with a credit card account statement provided by the company. The notice must be conspicuous, provide the name and telephone number of the federal regulatory agency that has primary jurisdiction to regulate the activities of the credit card company, and state: "For complaints about dispute resolution, contact (name and telephone number of applicable federal regulatory agency)."