

<div align="justify">PETALING JAYA: Consumer groups want the maximum liability limit imposed on credit cardholders for unauthorised transactions for lost or stolen cards to be lowered or even scrapped amid the rising number of complaints.

Many feel the RM250 limit is not justified as it is not helping innocent cardholders in view of the rising number of such unresolved cases.

National Consumer Complaints Centre chief executive officer Muhammad Shaani Abdullah said there was no question that this limit should be reduced or waived as this amount itself was not respected and adhered to by banks.

Even though the RM250 maximum liability has been in existence for a few years, not many are aware of it or informed of it by banks as there are still hundreds of unsolved cases where the innocent cardholders are non-negligent and without fault, he told StarBiz.

Even the Financial Mediation Bureau (FMB) seems to be siding with the banks without taking appropriate actions.

When contacted, FMB chief executive officer John Thomas denied there were hundreds of such cases pending. He advised complainants to lodge the matter as soon as possible to the FMB to facilitate mediation.

Our mediators will look at the case in totality backed by evidence and our decision must be fair to both parties, he said.

The FMB is an independent body set up to help settle disputes between customers and their respective financial services providers.

Consumer Association of Penang (CAP) president S.M. Mohamed Idris said the maximum limit on liability could be reduced to between RM50 and RM100. There were complainants (cardholders) whom CAP thought should not even be paying the RM250 at all, he said.

As far as we know, the cardholder's limit for unauthorised charges in the United States under its Fair Credit Billing Act is US\$50. We have even come across a few cases in Malaysia where cardholders managed to get the fraudulent card charges waived, he added.

Mohamed Idris said in cases where the signatures on the sales slip were obviously different from those on the credit cards, the cardholders should not be held responsible but instead the merchants, as the signature was after all part of the security measures to protect cardholders.

According to the Association of Banks in Malaysia (ABM), the maximum credit card liability of RM250 came into effect in June 2004.

This limit applies only in the event the cardholder has not acted fraudulently or has informed the bank as soon as reasonably practicable after having discovered the card is lost or stolen. Many cardholders were not aware of this limit until the landmark decision by the Kuala Lumpur High Court which stated that Bank Negara Guidelines on Credit Cards limited the liability of cardholders to only RM250 where loss is reported promptly.

Several banks contacted declined comment on the matter when asked whether the limit should be reviewed. ABM in a statement said there was no need for a review of this liability limit with the intent of lowering it.

In fact, some banks excuse their cardholders from liability for any transactions effected with the use of a lost or stolen card if the bank is satisfied that the cardholder has used all reasonable precautions and diligence to prevent such loss or theft and has notified the bank promptly.

We advise consumers to be vigilant when it comes to the security of their credit cards. Whilst banks have spent large sums of money to put in place security measures to protect the consumer from credit card fraud, consumers must also play their part and take necessary steps to avoid becoming a victim of credit card fraud, ABM noted.

Shaani expressed

The Star - Call for credit cards liability limit to be reduced or waived

Written by Administrator

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dissatisfaction with Bank Negara for not having issued the guidelines to the public for transparency and clarity on credit card charges.</div><div align="justify">◆</div><div align="justify"><u>By DALJIT DHESI</u>

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