



## *Playing It Safe*

### How to Protect Your Credit Card and Credit History

*If you want to know more about...*

- Understanding your credit history
- Correcting an error on your credit file
- Protecting yourself from unauthorized transactions on your credit card
- What to do if you find unauthorized transactions on your account

*...then this booklet is for you!*



## *About FCAC*

The Financial Consumer Agency of Canada (FCAC) is an agency of the Government of Canada. It was created to protect the rights of consumers and inform them about financial products and services.

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### *How We Protect You*

We make sure that financial institutions regulated by the Government of Canada follow the consumer protection measures set out in federal laws and regulations. We also see to it that they respect their own codes of conduct and their commitments to you, the consumer.

If you'd like to learn more about consumer protection and about the financial industry's codes of conduct, we'd be happy to hear from you.

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### *How We Inform You*

FCAC provides information, tips and tools to help you protect your rights and find the financial products or services you need. You can get this information by calling or writing to us, by visiting our Web site or through our free publications.

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## About Credit Cards and You

*Credit Cards and You* explains the features and costs of credit cards. It comes in a multi-piece “kit” format containing this guide and other booklets, a glossary of key terms and a worksheet to help you choose a credit card. In addition, several comparison tables help you compare the characteristics of credit cards available in Canada, including the service fees related to certain credit card transactions.

Throughout these booklets you will find references to the kit. If you have not received the full kit and would like to, please contact FCAC for your free copy.

The other documents available as part of the *Credit Cards and You* kit are:

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### *Getting the Most from Your Credit Card: Understanding the Terms and Conditions*

Want to save money and avoid problems with your credit card? Understanding your credit card's benefits and risks, how your issuer calculates your interest charges and how you can benefit from introductory rates will help you make the most of your credit card. Read about this and more in *Getting the Most from Your Credit Card*.

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### *Your Rights and Responsibilities: The Cost of Borrowing with a Credit Card*

It's important to know about the rights and responsibilities that come with a credit card. Doing so will save you time and money, and will help you stay out of financial trouble. *Your Rights and Responsibilities* tells you all about this.

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## *Managing Your Money: How to Save with a Credit Card*

Do you want to lower your interest rate, use up your credit balances wisely and make sure your monthly payments are never late?

*Managing Your Money* will show you how.

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## *Playing It Safe: How to Protect Your Credit Card and Credit History*

Just about everybody has a credit file, but where is it kept and is it accurate? How can you protect yourself if your card is lost or stolen? *Playing It Safe* answers these questions for you, and quite a few more.

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## *Secured Credit Cards*

The *Secured Credit Cards* comparison table includes information about secured credit cards and offers a handy comparison table of different secured credit cards available across Canada. If you've had trouble getting an unsecured credit card, the *Secured Credit Cards* comparison table is for you.



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## *Credit Card Comparison Tables*

The following pull-outs compare the features and costs of various credit cards available from credit card issuers across Canada:

- Standard Credit Cards (low-rate and regular-rate)
- Gold Credit Cards (low-rate and regular-rate)
- Platinum Credit Cards (low-rate and regular-rate)
- U.S. Dollar Credit Cards
- Student Credit Cards (low-rate and regular-rate)
- Secured Credit Cards
- Retail Credit Cards
- Charge Cards

The following two tables compare the service fees from various credit card issuers that are applicable to certain credit card transactions:

- Service fees on Visa, MasterCard and American Express credit card transactions
- Service fees on retail credit card transactions.

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## *Worksheet to Help You Choose a Credit Card*

This handy pull-out is designed to make your comparison shopping easier. Take this easy-to-follow table with you to your credit card issuer and fill it in. When you're finished, you'll have the information you need to choose the best credit card for you.

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## *Glossary of Key Terms Used in This Kit*

Annual interest rate, cash advance, grace period, prime rate, security deposit ... these are all important terms that you'll find in the *Glossary of Key Terms Used in This Kit*. Many of the terms you'll find in your credit card agreement are also defined here.

## *Understanding Your Credit History*

If you have ever taken out a bank loan, had a mortgage or used a credit card, you have a credit history. In Canada, your credit history, along with the credit histories of millions of other people, is recorded in files maintained by three major credit bureaus: Equifax, TransUnion and Northern Credit Bureaus Inc. Your credit file will be held by at least one of them.

As you use credit with banks, credit card companies and other businesses, they send information about your payment record to the bureaus, and this information becomes part of your credit history. This history paints a picture of your past and current financial situation. It contains records of:

- your recent place(s) of residence;
- your employment history;
- your current debts;
- whether you pay your bills on time;
- whether you have been denied a loan by a financial institution in the past; and
- your history of bankruptcy, if any.

When you sign a document such as a lease or a credit card application, you are authorizing the other party to verify your credit history.



## *Checking Your Credit File*

You should request a copy of your credit file at least once a year and check it for accuracy. The credit bureaus usually provide copies free of charge if you request that they be sent to you by mail. There is usually a small fee if you make the request on the Internet.

To obtain a copy of your credit file, contact Equifax, TransUnion and Northern Credit Bureaus Inc.:

### **Equifax Canada**

[www.equifax.ca](http://www.equifax.ca)

Tel. (toll-free): 1-800-465-7166

### **TransUnion Canada**

[www.tuc.ca](http://www.tuc.ca)

Tel. (toll-free): 1-866-525-0262

or in Quebec (toll-free): 1-877-713-3393

### **Northern Credit Bureaus Inc.**

[www.creditbureau.ca](http://www.creditbureau.ca)

Fax (toll-free): 1-800-646-5876



## *Correcting an Error on Your Credit File*

If you feel that the information in your file is incorrect, you may contact the credit bureau directly to have it investigated further. Before making a correction on your credit file, however, the bureau will have to contact the organization that reported the information to confirm whether or not an error has been made.

Credit bureaus are subject to provincial legislation. In most provinces, credit bureaus must resolve disputes within 30 days. This means that once the credit bureau has contacted the organization that reported the information, if they confirm that an error has been made, they have 30 days to correct your credit file. If the bureau confirms that the information has been reported accurately but you are still not satisfied with the result, you can submit a brief statement, explaining your position. This will be added to your credit file.

To avoid delays in correcting errors on your credit file, you can contact the organization that provided the incorrect information (your financial institution or your credit card issuer) and ask that they correct the error with the credit bureau. If your financial institution will not correct the error, you may ask them about their complaint-handling process. Financial institutions that are regulated by the Government of Canada are required, by law, to have such a process in place. This process is designed to resolve disputes between consumers and their financial institutions. For information regarding your financial institution's complaint-handling process, contact FCAC toll-free at: 1-866-461-3222, or contact your branch directly.

## *Building a Credit History with a Credit Card*

When you apply for a credit card, the card issuer checks your credit history with one or more of the credit bureaus. Issuers do this to find out whether you're likely to pay back the money you borrow using the card.

Once your application is approved and you start using your card, the issuer reports the activity on your card to the credit bureaus. For example, the issuer will tell the bureaus your outstanding balance and whether you're making the required monthly payments on time. This information helps you build a credit history and establish a credit rating.

It's *very* important to have a good credit history! If you don't, lenders may refuse to give you a loan (such as a mortgage, car loan or another personal loan). If they *do* give you a loan, they may charge you a higher interest rate for it. A poor credit history can affect your life in other ways, too. For example, landlords can find out your credit history, and a poor credit history may prevent you from getting a lease on an apartment.



## *How to Build and Maintain a Good Credit History*

There are many things you can do to build and maintain a good credit history. Here are the most important do's and don'ts.

### *Do's*

- Always try to pay your bills on time.
- Pay at least the required minimum monthly payment shown on your statement.
- Contact your creditors if you're having trouble making payments.
- Make sure your monthly account statement doesn't contain errors.
- Read your statements and other mailings from your credit card company carefully – this way you'll always be up to date about any fee increases or rule changes.
- Request your credit file from the credit bureaus at least once a year and make sure it is accurate.
- Deal with companies you know and trust.

### *Don'ts*

- Never accept or use any form of credit until you understand and are comfortable with its terms and conditions. This will avoid misunderstandings between you and the credit issuer.
- Never wait to report unauthorized transactions on your account. Contact your credit issuer immediately.
- Never exceed the credit limit on your credit card.

## *Protecting Yourself from Unauthorized Transactions*

If your credit card or your credit card account number falls into the wrong hands, you may suffer a great deal of inconvenience and possible financial loss. Here are some simple ways to protect yourself:

- As soon as you receive a new credit card, sign the back. Cancel and destroy any cards you no longer need.
- Make sure your monthly credit card statement lists only the transactions you made during the month. If you notice any unauthorized transactions, report them immediately to your credit card issuer.
- Don't give personal information or your credit card account number over the phone or the Internet unless you're dealing with a company you know and trust.
- Keep your personal information safe. This includes your date of birth, your social insurance number (SIN) and all your other personal identification.
- Request your credit file from the credit bureaus at least once a year to make sure it's accurate.
- Keep any record of your personal identification number (PIN) separate from your credit card and never disclose it to anyone.



## *What to Do If You Find Unauthorized Transactions on Your Account*

If you find unauthorized transactions on your credit card account, follow these steps to find out whether you can be reimbursed:

1. **Contact your credit card issuer** immediately and report the unauthorized transactions. Also inform your local police.
2. **Check your credit card agreement.** By law, your agreement must explain your maximum liability (usually \$50) in the case of lost or stolen credit cards, or the unauthorized use of your credit card account number.
3. **Find out if your credit card issuer has what is known as a “zero-liability policy” on unauthorized transactions.** Visa, MasterCard and American Express cardholders are protected beyond the maximum liability found in their credit card agreements. This is done through a public commitment that Visa, MasterCard and American Express call the “zero-liability policy.” If your credit card is lost or stolen, or if someone uses your account number to make transactions you didn’t authorize, you can usually be reimbursed.

The zero-liability policy applies to transactions made on the Internet, by phone or at retailers. However, it may exclude personal identification number (PIN)-based transactions – for example, a cash advance made with your card at an automated banking machine (ABM). It may also exclude transactions made with convenience cheques, or transactions made on corporate credit cards.

Find out from your credit card issuers whether they have such a policy and how you can be protected. This type of policy is not usually listed in a credit card agreement, since it is a public commitment and not a legal requirement.

To sum up, having a good credit history is essential for many of the things you'll need and want to do – buy a car, own a home, take a vacation. By following the basic precautions in this booklet, you'll have a better chance of having access to credit when you need it.





## *How You Can Reach Us*

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*Telephone (toll-free): 1-866-461-3222  
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### *E-mail:*

*General inquiries: [info@fcac-acfc.gc.ca](mailto:info@fcac-acfc.gc.ca)  
Publications: [pub@fcac-acfc.gc.ca](mailto:pub@fcac-acfc.gc.ca)*