

REGULATION E

Notice From The Consumer - Notice to a financial institution is given when a consumer takes steps reasonably necessary to provide the institution with the pertinent information, whether or not a particular employee or agent of the institution actually receives the information.

- **Format:** The consumer may notify the institution in person, by telephone, or in writing.
- **Date of Notice:** Written notice is considered given at the time the consumer mails the notice or delivers it for transmission to the institution by any other usual means. Notice may be considered given when the financial institution becomes aware of circumstances leading to the reasonable belief that an unauthorized transfer to or from the consumer's account has been or may be made.
- **CFPB Caution:** A financial institution cannot deny an error claim on the basis of a consumer failing to provide additional information, or require the consumer to contact the merchant involved first.

Statement + 60 Liability: Consumer must report an unauthorized electronic fund transfer that appears on a periodic statement within 60 days of the financial institution's transmittal of the statement to avoid liability for subsequent transfers. If the consumer fails to do so, the consumer's liability shall not exceed the amount of the unauthorized transfers that occur after the close of the 60 days and before notice to the institution, and that the institution establishes would not have occurred had the consumer notified the institution within the 60-day period. When an access device is involved in the unauthorized transfer, the consumer may be liable for other amounts.

Access Device Unauthorized EFT's:

Event	Timing of Consumer Notice to FI	Maximum Liability to Consumer
Notice Within 2 Business Days	Within two business days after learning of the loss or theft of the access device	\$50

Event	Timing of Consumer Notice to FI	Maximum Liability to Consumer
Notice NOT Within 2 Business Days	Within two business days after learning of the loss or theft of the access device	\$500

Event	Timing of Consumer Notice to FI	Maximum Liability to Consumer
Statement + 60 Days Access Device (If a periodic statement shows an unauthorized transfer made with a lost or stolen debit card, the consumer must notify the financial institution)	Within 60 calendar days after the periodic statement was sent	Unlimited liability for all unauthorized transfers made after the 60-day period

Consumer's liability for unauthorized transfers before the statement is sent, and up to 60 days following, is:

- \$50 Maximum if consumer notifies the financial institution within two business days of learning of the loss or theft of the card
- \$500 Maximum if consumer notifies the financial institution after two business days of learning of the loss or theft of the card
- Visa \$0 Zero Liability - Visa requires the Visa logo on a debit card to limit the liability for unauthorized lost or stolen cards to \$0 liability
- Mastercard \$0 Zero Liability - Mastercard requires the Mastercard logo to limit the liability for for unauthorized lost or stolen cards to \$0 liability

Initial Disclosure Liability Language:

Visa: Unless consumer has been grossly negligent or has engaged in fraud, consumer will receive no liability for any unauthorized transactions using their lost or stolen Visa Debit Card. Does not apply to ATM transactions, PIN transactions, transactions not processed by Visa, or commercial cards

Mastercard: Zero liability applies to transactions made in the store, over the telephone, or online. Consumers will not be held responsible for unauthorized transfers if account is in good standing; they have exercised reasonable care in safeguarding card; has not reported two or more unauthorized transfers in the past 12 months. Zero liability applies to credit and debit cards for small businesses. Does not apply to commercial, business, or agricultural purposes

No Access Device - Unauthorized EFT

Event	Timing of Consumer Notice to FI	Maximum Liability to Consumer
Notice After Close of the 60 Days No Access Device - Unauthorized	Within 60 Days After Close of the 60 days of financial institution's periodic statement	No Liability (before 60 days) Consumer may be liable for all unauthorized transfers

Timeframe Extension:

If the consumer's delay in notifying the financial institution is due to extenuating circumstances, the financial institution shall extend the times to a reasonable period

Determining Consumer Negligence

Negligence for a consumer cannot be used as the basis for imposing great liability than is permissible under Regulation E

REGULATION E

STRICT TIMING RULES

Notice From The Consumer

- **Format:** A financial institution shall comply with the requirements with regards to any oral or written notice of error from the consumer
 - **Name and Account Number** Financial institutions method of identifying consumer's name and account number
 - **Description of the Error** Provides information of why consumer believes an error exists. May include type, date, and amount of error

Date of Notice

- **Within 60 Days of Statement Delivery:** Received by financial institution no later than 60 days after the institution sends the statement reflecting the alleged error
- **Not Within 60 Days of Statement Delivery:** Financial institution is still required to comply with any notice of error from the consumer that is received by the financial institution later than 60 days from the date on which the statement first reflecting error was sent. If the error involves an unauthorized EFT, the financial institution must comply with standard liability before imposing liabilities on the consumer
- **Clarification Request:** When a notice of error is based on clarification that consumer has requests, the consumer's notice of error is timely if received by the financial institution no later than 60 days after the institution sends the information requested
- **Statements on Hold:** The statement is deemed to have been transmitted on the date the financial institution first makes statement available

Written Confirmation

- **Within 10 Days:** Financial institution may require consumer give written confirmation of an error within 10 business days of an oral notice
- **Investigation:** Financial institution must begin its investigation promptly relating to an error upon receipt of an oral notice (even if written notice not yet provided) A delay in initiating or completing an investigation is not permitted

Investigation Time Limits

- **Initial Investigation:** Financial institution shall investigate promptly and determine whether an error occurred within 10 business days
- **Visa POS Transactions:** Investigate promptly and determine whether an error occurred within 5 business days
- **Error Correction:** Financial institution shall correct error within one business day after determining that an error occurred
- **Notice to the Consumer:** Financial institution shall report findings to consumer within three business days after completing the investigation

Extended Investigations

- **Timeframe:** If financial institution is unable to complete investigation within 10 business days, they may take up to 45 days from receipt of a notice of error to investigate and determine whether an error occurred. Correction of errors and notification requirements still apply
- **Visa POS Transactions:** May take up to 90 days from receipt of an error to investigate
- **90 days replacing 45 days:**
 - Initiated Out of State
 - POS Transaction
 - New Account

Provisional Credit

- **Timeframe:** Provisionally credits the consumer's account within 10 business days (5 if Visa POS transaction) of receiving the error notice
- **Credit Amount:**
 - Amount of Alleged Error
 - Lost Interest
 - \$50 Access Device Liability Limit
- **No Written Notice, No Provisional Credit:** If a written confirmation within 10 business days of an oral notice to an error is required (provided initial disclosures were provided), a provisional credit is not required
- **Error Correction:** Correct the error within one business day after determining that an error occurred
- **Notice to the Consumer:** Inform the consumer within two business days after the provisional credit, of the amount and date of the provisional credit and give the consumer full use of the funds during the investigation
- **Investigation Report:** Report the results to the consumer within three business days after completing investigation

Investigation Outcome

- **Error Correction:** If financial institution determines an error occurred within the 10-day or 45-day period, it must correct the error
- **No Error or Different Error:** If financial institution determines no error occurred or that an error occurred in a different outcome or amount provided by consumer
 - In Writing: Report of results shall include a written explanation of the financial institutions findings
 - Documentation Rights: Note to consumer shall include the consumer's right to request the documentation used in making determination
- Reversing a Provisional Credit
 - Consumer must be notified of the date and amount of the reversal
 - Notification to consumer for provisional credit reversal must include that the bank will honor checks, and drafts payable to third parties and preauthorized transfers from the consumer's account without charge for five business days after the notification
 - Notify the consumer that provisional credit will be reversed within five business days from the notification transmittal

UNAUTHORIZED TRANSACTION SUMMARY

Consumer Notice Within 60 Days Written Claim Within 10 Business Days	Consumer Notice Within 60 Days Written notice required but not received	Consumer Notice Not Within 60 Days
Provisional Credit is Required Follow Regulation E Investigation Rules Follow Regulation E Liability Limits	Provisional Credit is NOT Required Follow Regulation E Investigation Rules Follow Regulation E Liability Limits	Provisional Credit is NOT Required Follow Regulation E Investigation Rules Follow Regulation E Liability Limits

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