

Consumers and Debit Cards

Canadian Code of Practice for Consumer Debit Card Services

Prepared by the Electronic Funds Transfer Working Group

**May 1992
Revised 1996
Revised 2002**

Revised 2004

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1. About This Code

1.

2. Issuing Debit Cards and Personal Identification Numbers (PIN)

1. A debit card and its associated PIN may be issued by two separate organizations. For example, it may be that a retailer or other organization issues the card and the financial institution issues the PIN. For this reason, the responsibilities of the PIN issuer and card issuer are described separately below.

When debit cards and/or PINs are issued,

- 2.** It is the responsibility of the PIN issuer to:
- a) commence the debit card service only on receipt of a signed request from an applicant;
 - b) enable the applicant to choose which eligible accounts the card will access. Access to the accounts will include access to all the accounts' features selected by the applicant, such as overdraft protection;
 - c) inform the applicant of:
 - any fees associated with holding and using the PIN;
 - the purpose and functions of the PIN;
 - the cardholder's responsibility for PIN security, and the possible consequences of a breach of that responsibility; and

4. Debit Card Transactions

1. Transaction records, together with periodic statements or passbook entries, will contain enough information to enable cardholders to check account entries. The information may be in the form of abbreviations or codes, as

c) Passbook Accounts

For a passbook account, the following debit card transaction information will be printed in the passbook when it is presented for update:

- transaction amount;
- transaction date; and
- transaction type (e.g. deposit, withdrawal, purchase or refund).

2. Transaction Security

a) Point-of-service terminals will give access to information on a cardholder's

5. Liability for Loss

The interpretation guide for this section is in Appendix A.

1. Cardholders are responsible for all authorized use of valid cards.
2. Cardholders are responsible if they make entry errors at point-of-service terminals, or if they make fraudulent or worthless deposits.
3. Cardholders are not liable for losses resulting from circumstances beyond their control. Such circumstances include, but are not limited to:
 - a) technical problems, card issuer errors, and other system malfunctions;
 - b) unauthorized use of a card and PIN where the issuer is responsible for preventing such use, for example after:
 - the card has been reported lost or stolen;
 - the card is cancelled or expired; or

6. Procedures for Addressing Unauthorized Transactions and other Transaction problem

1. In the event of a problem with a debit card transaction, a cardholder should first attempt to resolve the problem with the PIN issuer.

2. In the event of a problem with a debit card terminal in the home, a cardholder may also contact the card acceptor, who will trace the source of the problem and advise the cardholder of the appropriate party to contact to resolve the problem.

3. In the event of a problem with merchandise or retail service that is paid for through a debit card transaction, a cardholder should resolve the problem with the retailer concerned.

4. PIN issuers will have clear, timely procedures for dealing with debit card transaction problems, which will include:

- procedures to investigate the reported transaction problem; and
- provisions for review of problems at a senior level within their organizations.

5. When a cardholder contacts the PIN issuer regarding an unauthorized transaction, the PIN issuer will inform the cardholder of the following:

- that the PIN issuer will investigate the transaction(s) in question;
- that a determination regarding any reimbursement will stem from the investigation;
- that the PIN issuer will respond to the cardholder's report of an unauthorized transaction as soon as possible, but in no later than 10 business days; and
- that, during the course of the investigation, the PIN issuer may require a signed written statement, or where appropriate, reimbursement, in

6. In the event that the results of an investigation determines that not all the funds will be reimbursed to the cardholder, the PIN issuer is responsible for showing that, on the balance of probabilities, the cardholder contributed to the unauthorized use of the card, subject to section 5 of this Code.

7. In the event that the PIN issuer requests that a cardholder provide a signed, written statement or where appropriate, a signed written affidavit with regard to the reported unauthorized transaction during the course of an investigation, the investigation time limits (10 days) may be temporarily suspended until such a statement or affidavit is received.

7. Resolving Disputes

1. The PIN issuer will provide information, in writing on how the dispute-resolution process works if :

- a) a problem with a debit card transaction cannot be settled when the cardholder first complains; or,
- b) subject to section 6(5), the cardholder contacts the PIN issuer claiming that she or he has not received a response to a claim of an unauthorized transaction.

2. A cardholder whose problem cannot be settled by the PIN issuer will be informed of the reasons for the issuer's position on the matter. The issuer will then advise the cardholder of the appropriate party to contact regarding the dispute.

3. During the dispute-resolution process, cardholders will not be unreasonably restricted from the use of funds that are the subject of the dispute.

8. Organizations That Endorse the Code

1. The following organizations endorse the Code:

- Canadian Bankers Association
- Canadian Federation of Independent Business
- Credit Union Central of Canada
- Consumers' Association of Canada
- La Fédération des caisses Desjardins du Québec
- Retail Council of Canada

2. In addition, the following organizations support the Code:

- Canadian Payments Association

The plain language definitions given above are based in part on the technical definitions

Clause 3. Cardholders are not liable for losses resulting from circumstances beyond their control. Such circumstances include, but are not limited to

- a) technical problems, card issuer errors and other system malfunctions;**
- b) unauthorized use of a card and PIN where the issuer is responsible for preventing such use, for example after
 - the card has been reported lost or stolen;
 - the card is cancelled or expired; or
 - the cardholder has reported that the PIN may be known to someone other than the cardholder; and**
- c) unauthorized use, where the cardholder has unintentionally contributed to such use, provided the cardholder co-operates in any subsequent investigation.**

Interpretation

- 1. The cardholder is not liable for losses relating to transactions:
 - a) resulting from a technical failure of the system or equipment when a transaction has been accepted at a terminal in accordance with the cardholder's instructions;*
 - b) that are caused by the fraudulent or negligent conduct of any of the following: employees or agents of the card issuer; companies involved in networking arrangements; merchants who are linked to the electronic fund transfer system, or their agents or employees;*
 - c) that are caused by the card acceptor or card issuer incorrectly debiting the account more than once for the same transaction;*
 - d) relating to cards that are forged, faulty, expired or cancelled;*
 - e) occurring before it has been ascertained that the cardholder has received the card and PIN. Neither the card issuer nor the PIN issuer, whether or not they are the same body, can rely solely on records of delivery to the cardholder's address by mail or courier as proof that the PIN was received by the cardholder;*
 - f) occurring after the cardholder has notified the card issuer that the card has been**

Clause 4. In all other cases, when a cardholder contributes to unauthorized use, the

Clause 5. A cardholder contributes to unauthorized use by:

- a) voluntarily disclosing the PIN, including writing the PIN on the card, or keeping a poorly disguised written record of the PIN in proximity with the card;**
- b) failing to notify the issuer, within a reasonable time, that the card has been lost, stolen or misused, or that the PIN may have become known to someone other than the cardholder.**

Interpretation

- 1. Cardholders are not considered to have disclosed the PIN “voluntarily” if the PIN is obtained by coercion, trickery, force or intimidation.*