

Consumer Tips for Using Prepaid Cards

What is a prepaid card?

A prepaid card is a plastic card that you “load” with money that you can then spend at stores and online. When you buy the card, you load money onto it. Then, when you use the card, you spend the money. You can add money to the card and keep using it over and over. Prepaid cards also allow you to take money out at an ATM.

What should I know if I use a prepaid card?

- Each card has different fees. Before you buy a card, compare:
 - ✓ What it costs to buy and use the card.
 - ✓ Fees for withdrawing and depositing money, paying bills, and checking your balance. Ask about the least amount of money required to make a direct deposit.
 - ✓ Fees for not using the card often enough. These can be called “dormancy” or “inactivity” fees.
 - ✓ Fees to use the “credit” instead of “debit” option or a signature instead of a PIN.
 - ✓ Monthly and customer service fees.
- Ask if there are any other fees or hidden fees.
- Each card has different things that it can do; make sure the card you choose can do what you need it to do.
- Keep track of your balance and how much money you’ve used so you know how much you have to spend.
- A prepaid card will not help you build a credit record.

If it's not easy to find out about fees for a card, think twice before buying it.

When should I avoid using a prepaid card?

Try not to use prepaid cards to buy gas at the pump or to pay for hotels or rental cars. These types of companies can put extra holds on your card for a certain amount of time. During this time, you won't be able to use all of your money.

Are there other options instead of a prepaid card?

- If you can, get a secured credit card where you make a deposit and get a credit line of the same size. Make sure that the credit card only has an annual fee and no other monthly or special fees.
- Consider using a regular checking account instead of prepaid cards, if you can. With a checking account, you'll get a debit card and guaranteed consumer protections against losing your money from fraud or theft. If you're worried about paying overdraft bank fees, tell your bank that you do not want “overdraft protection.”

What if I have a problem with my prepaid card?

Contact the Consumer Financial Protection Bureau (CFPB) if you have any complaints.

Go online: www.consumerfinance.gov/Complaint

Call: 1-855-411-2372 (TTY/TDD: 1-855-729-2372)