The â€œHiddenâ€• Payments Merchants Donâ€™t Want You to Know About: Grey Charge

by Raphael Ouzan - Co-Founder and CTO, BillGuard

To most consumers, credit card fraud conjures up images of computer hackers and thieves intentionally tracking credit card numbers, stealing money, and possibly taking over oneâ€™s identity.

Tweet

```
(function() {
var s = document.createElement('SCRIPT'), s1 = document.getElementsByTagName('SCRIPT')[0];
s.type = 'text/javascript';
s.src = 'http://widgets.digg.com/buttons.js';
s1.parentNode.insertBefore(s, s1);
})();
```

```
(function() {
  var po = document.createElement('script'); po.type = 'text/javascript'; po.async = true;
  po.src = 'https://apis.google.com/js/plusone.js';
  var s = document.getElementsByTagName('script')[0]; s.parentNode.insertBefore(po, s);
})();
```

The reality is that intentional fraud and scams account for only around five percent of all credit card billing problems. The majority are the result of technically legitimate billing practices that affect most of the credit card-using population. One of the more popular of these online billing practices is the recurring subscription, which automatically bills you when a subscription to a product or service expires, or following a â€œfreeâ€• trial. Often times consumers sign up for these types of subscriptions unknowingly, as â€œopting outâ€• of the automation requires checking a box, which may appear in small print at the bottom of a page. Without realizing it, theyâ€™ve authorized recurring subscriptions for an infinite period of time. Two examples of people affected by this are Suzie Mitchell and Jeff Epstein, as detailed in this Detroit Free Press article.

If you think that these recurring subscriptions are only associated with suspicious or shady websites, think again. This kind of under-the-radar deception is a common and accepted practice by many legitimate merchants and is growing in popularity. In fact, Darren Dahl of the New York Times recently wrote a piece that highlighted a few of these merchants including ShoeDazzle, PetFlow and BabbaCo.

Recurring payments and automatic subscriptions fall into the category we refer to as â€œGrey Charges.â€• A Grey Charge intentionally leads (or, in many cases, misleads) a consumer into paying for something he or she may not have intended to. Consumers lose an average of $942 a year to Grey Charges, according to a 2006 Ponemon Institute study commissioned by Bob Sullivan for his book Gotcha Capitalism.

Because the consumer technically consents to these unwanted Grey Charges, knowingly or not, banks cannot legally do anything about it nor do they have any policies in place to remove such charges from an account as they do with fraudulent ones.   Banks do attempt to protect consumers from line items like erroneous charges , charges on a stolen credit card, and identity theft. However, these benefits only come as premium value added services, not automatically, and often go unnoticed unless the charges are for large amounts. And in todayâ€™s sophisticated world, these deceptive practices tend to be for smaller amounts knowing that these are more likely to go under the radar. In these Grey Charge

situations, it is truly up to the consumer to seek alternative routes of protection.
What can consumers do to protect themselves against Grey Charges?

o Read bills more carefully â€“ Like moms tell their children when in grade school, â€œalways check your work.â€• Nothing cou be more true when it comes to reviewing credit card statements. Check whatâ€™s been bought, where the charges come from, and if you remember making the purchase.

o Use a service like BillGuard â€“ If you are not one to read your bills line by line, have a third party do it for you. BillGuard is a free service that analyzes millions of consumer billing complaints to find deceptive, erroneous, and fraudulent charges on credit and debit card bills.

o Check out The Daily Guardian for updates on the latest in credit card scams.

o Dispute it immediately â€“ If you see an unwanted charge, notify your bank as soon as you see it.

Simply put, time is money! Donâ€™t waste it, or you might continue to lose it.

BillGuard is a for profit service and ACCESS is not offering an endorsement of their service. ACCESS received no compensation for this publication. We are publishing this posting because we believe that our readers will find it valuable and because it remains our position that consumers should be able to purchase services that simplify their lives, even if the service provided is something that they could potentially take care of on their own.

Note: When posting a comment, please sign-in first if you want a response. If you are not registered, click here. Registration is easy and free.
Follow ACCESS