

7th Circuit Throws Out FACTA Class Action Against Shell Oil

April 19, 2012 - Among other things, the Fair and Accurate Credit Transactions Act (FACTA) limited the number of digits of credit card numbers that could be printed on merchant receipts. The law was designed to help consumers avoid identity theft victimization. Prior to FACTA, many merchants would print the entire credit card number along with the cardholder's name on receipts. After FACTA, only 5 digits of the card number could be used. And at least one Shell cardholder was unhappy enough about the digits that Shell Oil was using that she decided to file a class action suit against the company.

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s.type = 'text/javascript';
s.src = 'http://widgets.digg.com/buttons.js';
s1.parentNode.insertBefore(s, s1);
})();
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})();
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From the information currently available, the law suit appears to have been frivolous from the outset. While a lower court disagreed with that assessment, Judge Frank Easterbrook of the US Court of Appeal for the 7th Circuit has overruled the lower court decision.

After FACTA was implemented, Shell Oil elected to print four digits of the credit card number used to purchase fuel on cardholders' receipts. A woman by the name of Natalie van Straaten sued because Shell's selection of which four digits it was printing didn't conform to what other oil companies had elected to do.

van Straaten's suit was asking for \$100 per occurrence be paid to Shell customers. That would have amounted to more than \$1 Billion in penalties to the company.

Judge Easterbrook determined that FACTA does not specify which credit card digits can be printed on a receipt. Only that no more than five of the digits of the card number can be printed. And since Shell no longer prints any credit card numbers on receipts, Easterbrook wrote, "Thus the substantive question in this litigation will not recur for Shell or anyone else; it need never be answered."

Easterbrook was clearly displeased with the lawsuit and with the lower court's ruling. Had Shell lost the suit, it could have faced an excessive penalty "despite the absence of a penny's worth of injury," he wrote.

There is no doubt that there is a need for consumer regulations within the credit industry. But law suits of this type serve largely to enrich attorneys, drain company coffers and ultimately result in higher consumer prices with little consumer

benefit. ACCESS is disappointed that any court would have allowed this suit to move forward to the point that a decision from an appeals court was required. Suits of this nature only make judges and juries more skeptical of the many legitimate consumer credit cases that eventually wind up in court. They hurt everyone.

by Jim Malmberg

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