

Interagency Examination Procedures

Section 615(e) Duties of Card Issuers Regarding Changes of Address (12 CFR 222.91)

Background

Section 615(e)(1)(C) of the Fair Credit Reporting Act requires the federal banking agencies (Agencies) and the Federal Trade Commission to prescribe regulations for debit and credit card issuers regarding the assessment of the validity of address changes for existing accounts. The regulations require card issuers to have procedures to assess the validity of an address change if the card issuer receives a notice of change of address for an existing account, and within a short period of time (during at least the first 30 days) receives a request for an additional or replacement card for the same account. On November 9, 2007, the Agencies published final rules in the Federal Register (72 FR 63718) implementing this section.

Definitions (12 CFR 222.91(b)). The following definitions pertain to the rules governing the duties of card issuers regarding changes of address:

1. A “cardholder” is a consumer who has been issued a credit or debit card.
2. “Clear and conspicuous” means reasonably understandable and designed to call attention to the nature and significance of the information presented.

Address validation requirements (12 CFR 222.91(c)). A card issuer must establish and implement policies and procedures to assess the validity of a change of address if it receives notification of a change of address for a consumer’s debit or credit card account and, within a short period of time afterwards (during at least the first 30 days after it receives such notification), the card issuer receives a request for an additional or replacement card for the same account. In such situations, the card issuer must not issue an additional or replacement card until it assesses the validity of the change of address in accordance with its policies and procedures.

The policies and procedures must provide that the card issuer will:

- 1a. Notify the cardholder of the request for an additional or replacement card
 - (i) At the cardholder’s former address; or
 - (ii) By any other means of communication that the card issuer and the cardholder have previously agreed to use; and
- 1b. Provide to the cardholder a reasonable means of promptly reporting incorrect address changes; or
2. Assess the validity of the change of address according to the procedures the card issuer has established as a part of its Identity Theft Prevention Program (12 CFR 222.90).

Alternative timing of address validation (12 CFR 222.91(d)). A card issuer may satisfy the requirements of these rules prior to receiving any request for an additional or replacement card by validating an address (by one of the methods in section 12 CFR 222.91(c)) when it receives an address change notification.

Form of notice (12 CFR 222.91(e)). Any written or electronic notice that a card issuer provides to satisfy these rules must be clear and conspicuous and provided separately from its regular correspondence with the cardholder.

Examination Procedures

1. Verify that the card issuer has policies and procedures to assess the validity of a change of address if:
 - It receives notification of a change of address for a consumer's debit or credit card account; and
 - Within a short period of time afterwards (during at least the first 30 days after it receives such notification), the card issuer receives a request for an additional or replacement card for the same account (12 CFR 222.91(c)).
2. Determine whether the policies and procedures prevent the card issuer from issuing additional or replacement cards until it:
 - Notifies the cardholder at the cardholder's former address or by any other means previously agreed to and provides the cardholder a reasonable means to promptly report an incorrect address change (12 CFR 222.91(c)(1)(i)-(ii)); or
 - Assesses the validity of the address change in accordance with its procedures established under its Identity Theft Prevention Program (12 CFR 222.91(c)(2)).

In the alternative, a card issuer may validate a change of address request when it is received, using the above methods, prior to receiving any request for an additional or replacement card (12 CFR 222.91(d)).

3. Determine whether any written or electronic notice sent to cardholders for purposes of validating a change of address request is clear and conspicuous and is provided separately from any regular correspondence with the cardholder (12 CFR 222.91(e)).
4. If procedural weaknesses or other risks requiring further information are noted, obtain a sample of notifications from cardholders of changes of address and requests for additional or replacement cards to determine whether the card issuer complied with the regulatory requirement to evaluate the validity of the notice of address change before issuing additional or replacement cards.

Conclusion: On the basis of examination procedures completed, form a conclusion about whether a card issuer's policies and procedures effectively meet regulatory requirements for evaluating the validity of change of address requests received in connection with credit or debit card accounts.