

EFT9 Liability for Unauthorized Use

- A. An account holder whose card is lost or stolen shall be liable for unauthorized use of the card at a communications facility only if:
1. Such liability does not exceed the lesser of \$50.00 or the amount of money, goods or services obtained by such use prior to notice to the card Issuer;
 2. Provided, however, the account holder shall have no liability if such use occurs through no fault of the account holder.

- B. Card issuers must, at or prior to the time of issuing any new card or reissuing an existing card, notify their account holders:

1. Of the liability limitation provision of Section 11-105-208(2), C.R.S., and this Paragraph (A) of this Rule; or
2. That they have no liability for unauthorized use of their card at a communications facility.

This Notice must be in writing but may be combined with the cardholder agreement, other notices required by state or federal law or regulation, or other communications with the account holder, so long as the notice is not obscured by the additional material.

- C. Cardholder agreements may not specifically state or imply that the account holder may be liable for unauthorized use of the card at a communications facility, unless the limitations on such liability as prescribed by statute are fully set forth.

- D. If the account holder allows another to use the card or to have access to the account holder's security code and that person then or subsequently uses the card in an unauthorized manner, such use shall be deemed to be an authorized use of the card. Such authorized use may be revoked by written notice to the card Issuer, which notice shall be effective as to transactions conducted after midnight on the next banking day following the banking day on which the card Issuer receives the written notice. This Paragraph shall not be deemed an all inclusive listing of what constitutes an authorized use.

- E. For the purposes of Paragraph (A) of this Rule, an account holder notifies a card Issuer by taking such steps as may be reasonably required in the ordinary course of business to provide the card issuer with the pertinent information with respect to loss, theft, or possible unauthorized use of any card, whether or not any particular officer, employee, or agent of the card Issuer does, in fact, receive such notice or information. At the option of the account holder, notice may be given to the card issuer of its designee in person or by telephone, or by letter, telegram, radiogram, cablegram, or other written communication which sets forth the pertinent information. Notice by mail, telegram, radiogram, cablegram, or other written communication shall be considered given at the time of receipt or, whether or not received, at the expiration of the time ordinarily required for transmission, whichever is earlier.

- F. If ten (10) or more cards are issued by one card issuer for use by the employees of a single business or other organization, nothing in this Rule or Section 11-105-208(2), C.R.S., prohibits the card issuer from agreeing by contract with such business or other organizations as to liability for unauthorized use of any such cards without regard to the provisions of this Rule or Section 11-105-208(2), C.R.S., but in no case may any business or other organization or card issuer impose liability on any employee of such business or other organization with respect to unauthorized use of such card except in accordance with and subject to the other liability limitations of this Rule or Section 11-105-208(2), C.R.S.

Amended Effective November 30, 2006

Amendment necessary due to passage of HB06-1042, which amended or repealed provisions of the Colorado Bank Electronic Funds Act.

Amended Effective May 2, 2005

Amendments correct minor grammatical and technical errors.

Amended Effective May 3, 2004

Statutory reference amendment to conform Rule to recodified statutes; update terminology to conform to recodified statutes; formatting changes to comply with Colorado Secretary of State guidelines.