

Law You Can Use: Consumer Information Column

State and Federal Laws Protect Consumers Who Buy and Receive Gift Cards

By Ronald Burdge

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Virtually everyone gets or gives a gift card for a holiday or a birthday and, on average, eight out of every 10 consumers will buy a gift card for holiday giving alone. The gift card business is a billion-dollar industry and both federal law and Ohio law help protect consumers who receive them.

The Ohio state gift card law was enacted several years before the federal law and each covers different gift cards under different circumstances, with some overlapping coverage. Because gift cards may sometimes be used in different states, a federal law was needed to protect consumers who purchase and receive gift cards across state lines.

Gift card laws

Under Ohio's law, a gift card must maintain its full value for at least two full years from the date it was issued. Ohio law also prohibits retailers from charging service or other fees for two years from the date the card was issued. The federal gift card law only covers store-issued gift cards and bank-issued gift cards, but it requires those cards to have full value for at least five years. It is important to remember that, when you buy a gift card at a third-party location, only the Ohio law applies. A third-party location, often called a "card mall," might be a kiosk within a grocery store or a drug store that offers cards from a wide variety of other sources.

The Ohio law does not apply to cards given as part of a customer loyalty program or to cards sold by nonprofit organizations for fundraising purposes. The state law also does not cover cards given to employees by their employers, if the card is limited to the employer's businesses. Gift cards that are usable at multiple, unaffiliated sellers of goods or services, such as Visa or MasterCard gift cards, as well as prepaid telephone calling cards are also not subject to the Ohio law. The federal law only applies to store-issued and bank-issued cards and to gift cards that are freely given away as a promotion.

If your card is covered by Ohio law only, then you do not have to pay any fees for at least two years. If the gift card is covered by the federal law, then any fees have to be clearly disclosed on the card itself or with its packaging, and no fee can be imposed unless the card has not been used for at least one year.

Both federal and state laws also say that a card that does not include an expiration date is presumed to be valid forever.

Online and out-of-state gift card purchases

If the seller delivered a gift card to you in Ohio, then Ohio's law likely would apply to that card. If you bought it in another state, then that state's gift card law likely would apply. Depending on the kind of card it is, the federal gift card law also may apply.

You can read about other state gift card laws, and find a summary of the federal gift card law on the [Federal Trade Commission's website](#).

If the law is broken

If an Ohio store breaks the law and won't honor the full value of a gift card, you can go to small claims court and ask for compensation. You can only ask to be compensated for the original value of the card, plus court costs and attorney fees, but if the judge rules that the [Ohio Consumer Sales Practices Act](#) has also been violated, then you may recover up to three times the full amount of the card, plus court costs and attorney fees.

You can also [file a complaint with the Ohio Attorney General](#); [file a complaint with the Consumer Financial Protection Bureau](#) for cards issued by national banks and you can file a complaint with the [Comptroller of the Currency](#).

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About the Author

Ronald L. Burdge of Burdge Law Office Co. LPA, is a nationally recognized Lemon Law attorney. He has represented thousands of consumers in "lemon" lawsuits and actively co-counsels and coaches other consumer law attorneys. Mr. Burdge received his undergraduate degree from San Diego University and his law degree from the University of Dayton.

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