

CONSUMER TIPSHEET



Gift Cards

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HIGHLIGHTS

WHAT KINDS OF CARDS DOES THE GIFT CARD REGULATION APPLY TO?

WHAT KINDS OF CARDS ARE NOT COVERED BY THE GIFT CARD REGULATION?

WHAT ARE THE RULES?

WHAT SHOULD A CONSUMER DO IF THEY ARE SOLD A GIFT CARD WITH AN EXPIRY DATE OR THAT INCLUDES AFTER-PURCHASE FEES?

WHERE CAN I GET A COPY OF THE REGULATION?

FOR MORE INFORMATION

Gift cards purchased in Alberta are no longer subject to expiry dates and fees that lower their value over time. Alberta's Gift Card Regulation, part of the *Fair Trading Act*, is effective November 1, 2008. The regulation also includes other rules to improve consumer protection, use of the cards and disclosure of terms and conditions.

WHAT KINDS OF CARDS DOES THE GIFT CARD REGULATION APPLY TO?

The regulation applies to prepaid purchase cards that can be used like cash to pay for goods and services. Prepaid purchase cards include gift cards, gift certificates, written certificates, electronic cards or vouchers with a specific dollar value. Cards that allow consumers to increase the value of the card by "reloading it" are also included.

WHAT KINDS OF CARDS ARE NOT COVERED BY THE GIFT CARD REGULATION?

The regulation does not apply to promotional cards, loyalty cards, phone cards or cards sold for a specific service. For example, a card that entitles a consumer to a manicure and does not have a specific dollar value is not considered a gift card. If it does not have a cash value, it is not covered by the regulation.

The regulation also does not apply to gift cards where there is a direct agreement between the consumer and the financial institution that issues the card. A financial institution is a bank, treasury branch, credit union, or trust corporation. The business selling the gift card must be able to prove that the agreement is between a financial institution and the person who is buying or using the card.

Be sure to ask about all of the conditions that apply to the card before buying it.

WHAT ARE THE RULES?

- No expiry dates are allowed on gift cards. If a gift card has an expiry date that falls on or after November 1, 2008, the expiry date is void. A card will not expire until the entire value has been used.
- Businesses are only allowed to charge the following fees:
 - a one-time fee when the card is purchased
 - a fee to replace a lost or stolen card; or
 - a fee to customize a card.
- Businesses cannot charge inactivity fees, also called dormancy fees, that reduce the value of a gift card if it is not used within a certain time. This rule also applies to cards purchased before November 1, 2008 that are still active.
- Businesses must tell consumers about any terms and conditions on the use of their gift cards. For example, a business might not allow gift cards to be exchanged for cash or for payment on credit accounts. The rules must be printed on the card itself as well as on the packaging or promotional materials and be easy to understand.
- A business that sells a gift card must give a receipt to the buyer.
- Businesses must tell consumers how to contact them. Consumers need to know how to get information, including the value remaining on the card.
- A business must accept a gift card as partial payment for a purchase that costs more than the value of the card. In addition, a business cannot keep the unused amount left on a gift card when a consumer buys something that costs less than the dollar value of the card. When this happens, the business can either leave the unused amount on the card for a future purchase, or give the consumer a refund.
- The regulation applies to gift cards bought or sold in Alberta. The same rules apply to cards purchased in Alberta on the Internet.

- Anyone who sells or accepts gift cards for payment must follow the requirements of the regulation.
- Under the *Fair Trading Act*, businesses convicted of violating the Gift Card Regulation could face fines up to \$100,000, two years in prison, or both.

WHAT SHOULD A CONSUMER DO IF THEY ARE SOLD A GIFT CARD WITH AN EXPIRY DATE OR THAT INCLUDES AFTER-PURCHASE FEES?

Gift cards issued by a financial institution can include an expiry date or extra fees. However, if the card was not issued by a financial institution, the consumer should first contact the business and give them the opportunity to comply with the regulation. If this does not work, they can phone Service Alberta's Consumer Contact Centre at 1-877-427-4088 for help.

WHERE CAN I GET A COPY OF THE REGULATION?

The Gift Card Regulation and the *Fair Trading Act* are posted on Service Alberta's website www.servicealberta.ca. A print copy of the legislation can be ordered by calling the Queen's Printer Bookstore at (780) 427-4952 or toll-free at 310-0000 and following the instructions. The bookstore also accepts online orders at www.qp.gov.ab.ca.

FOR MORE INFORMATION

Consumer Contact Centre

Edmonton: 780-427-4088

Toll free in Alberta: 1-877-427-4088

www.servicealberta.ca

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