

Content

Title :	Mandatory Provisions to be Included in and Prohibitory Provisions of Standard Form Contract for Credit Card Ch
Date :	2010.07.27
Legislative :	1.Promulgated on July 27, 2010
Content :	<p>Mandatory Provisions to be Included in Standard Form Contract for Credit Card</p> <p>1. Obligations of the Credit Card Issuer</p> <p>The contract shall include the provision that the credit card issuer (hereinafter referred to as the “Issuer”) should, by exercising due diligence of a good administrator, guarantee the cardholder’ s obtaining goods, services, other benefits or cash advances from the contracted merchant listed by the Issuer or the card acquirer with the use of the credit card and should handle payment for credit card transactions in the manner specified in contract with the cardholder.</p> <p>When changes occur to a cardholder’ s amount payable or when the payment is not made prior to the payment deadline, the Issuer shall send the billing statement by mail to the address specified by the cardholder, by electronic document or by other means specified by the cardholder except for the portion of the cardholder’ s overdue payment which has entered the debt collection process and shall be handled according to the collection method specified by the Issuer. If the cardholder does not receive the billing statement for the current billing cycle prior to the payment deadline (no less than 7 days prior to the deadline), the cardholder should inquire the Issuer and request that the statement be re-delivered through registered mail, prompt delivery mail, regular mail, fax, electronic document or any other appropriate means at the cost of the Issuer.</p> <p>Regarding requests for re-delivering past billing statements, the Issuer reserves the right on determining whether to charge service fees and the procedures, requirements and fees for applications on reviewing past statements provided that said service fees apply only under circumstances to which the cardholder is liable and the terms and conditions shall be clearly specified in the contract.</p> <p>The Issuer may report the cardholder’ s poor credit records, including late payment for over one month, suspension of credit card, debt collection and bad debts to the Joint Credit Information Center. However, the Issuer must notify the cardholder of the reasons for doing so and the possible effects to the cardholder in writing or with electronic documents as agreed by the cardholder 5 days prior to making such report.</p> <p>The billing statement referenced herein refers to the Transaction Details and Payment Notification Statement.</p> <p>2. Obligations of the Cardholder</p> <p>The cardholder should promptly sign the credit card upon and store it with care.</p>

The cardholder shall use the credit card in person and shall not allow the use of the card by another individual in any way.

The cardholder shall keep the password or other means of personal identification confidential, and shall not give such information to another individual.

The cardholder shall not conspire with any other individual or contracted merchant to falsify transactions or commit fraud in the attempt to obtain cash or other benefits using the credit card.

The cardholder should pay the amount payable in full or an amount over the minimum payment for the current billing cycle prior to the stated payment deadline.

The cardholder should notify the Issuer immediately of changes to his/her information retained by the Issuer.

3. Credit Limit Adjustment and Notification

The Issuer may increase the credit limit provided that the Issuer has notified the principal cardholder and obtained his/her written consent in advance.

The cardholder may request that the Issuer increase or lower his/her credit limit, and the Issuer shall not refuse the request to lower the credit limit provided that the requested credit limit is above the minimum for the respective type of credit card as stipulated by the Issuer.

For the adjustments on credit limits referenced in the Paragraphs 1 and 2, if a guarantor has been obtained for the account, in addition to notifying said guarantor and obtaining his/her written consent prior to increasing the credit limit, he or she shall also be notified after approval of the adjustment.

The written consent referenced in Paragraph 1 may also be provided by the cardholder through online authentication, ATM or ALM. If the Issuer fails to properly verify the identity of the cardholder or the guarantor, the Issuer shall be liable for any losses caused by increasing the cardholder or the guarantor's credit limit.

4. Calculation of the Finance Charges

The cardholder shall pay the amount payable as stipulated in Paragraph 5, Point 2. The cardholder may postpone payment on the unpaid balance and may pay off the postponed amount in part or in whole at any time. The amount paid shall be applied accordingly toward the fees, interests, unpaid balance from the previous billing cycle and the newly incurred principal from the current cycle. The finance charges shall be calculated based on the remaining balance.

If the cardholder pays the amount payable in full prior to the current payment deadline, or the remaining unpaid balance is less than NT\$1,000 after a payment, the finance charges shall not be applied toward the current billing cycle.

5. Adjustment of Fees and Rights, and Disclosures

The Issuer shall clearly specify in the contract the frequency of adjustment for the methods of calculating the annual fees, various service charges, rate for revolving credit and finance charges, late fees that are charged to the cardholder and all fees that the cardholder may be responsible for.

The Issuer shall specify in the contract the frequency of adjustment for

the durations and applicable conditions of various rights, promotions or services.

Issuers that provide the service of cash advance shall specify in the contract that the cardholder may activate or terminate such function at any time.

6. Calculation of Currency Exchange Rate

All credit card transactions shall be paid in NTD. When the transaction is conducted in currencies (including refund) other than NTD, the contract shall contain the calculation method for the exchange rate pertaining to the settlement of exchange and the service fees for foreign transactions. When the cardholder uses the credit card in a non-dollar (USD) area, the charges shall be converted to NTD directly.

The Issuer may choose not to charge foreign transaction fees mentioned in Paragraph 1. One that requires such charges, in addition to the fees charged by the international credit card issuers, shall charge % of the purchase (not to exceed 0.5%) for each transaction and shall not profit from the differences.

7. Handling Procedures for Refund and Others

The cardholder shall request a refund slip from the contract merchant when said merchant agrees to let the cardholder return the purchased goods, cancel transaction, terminate service, exchange goods or make price adjustment on goods purchased with the original credit card. The cardholder shall sign the refund slip after verifying that all information is correct, and retain the customer's copy of the refund slip for verification purpose. However, with mutual consent from the cardholder and the contracted merchant, the contracted merchant may sign the refund slip without the cardholder's signature, while the cardholder retains the return slip or other viable document as proof of refund.

8. Procedure for Handling Disputed Purchases

When a dispute occurs between the cardholder and the contracted merchant, the Issuer shall provide assistance in resolving such dispute and advocate the consumer when there are any doubts.

Cardholders who have questions concerning the billing statement should, prior to the payment deadline, notify the Issuer for assistance by providing justifications and support documents requested by the Issuer (e.g. charge slip or refund receipt), or by agreeing to pay for the service fee for inquiring documents to obtain the charge slip or the refund slip from the card acquirer. (NT\$ per domestic transaction and NT\$ per foreign transaction. Neither shall exceed NT\$100. Each bank may determine whether to apply such charge but shall clearly specify the terms in the contract.) For cardholders who ask the Issuer to make such request to the card acquirer for inquiring the charge slip or the refund slip and agree to pay such fee, once the result of the investigation indicates that the cardholders have fallen victim to unauthorized uses of credit card or the suspicious charges cannot be attributed to the cardholders, the Issuer shall be responsible for the charge slip inquiry fee.

If the cardholder proposes a temporary suspension of payment, the cardholder may request the Issuer to propose payment deduction, arbitration and other claims to the card acquirer or the cash advance providers after paying the processing fee determined by the international credit card

issuer for handling the dispute and may file for a temporary suspension of payment regarding the particular transaction to the Issuer.

9. Loss of Credit Card

If the cardholder's credit card is lost, stolen, robbed, lost in a swindle, or taken possession by another person other than the cardholder (collectively referred to as "lost"), the cardholder should promptly notify the Issuer or establishments designated by the Issuer by phone or other means to report the card loss and pay a card loss report fee in the amount of NT\$ (not to exceed NT\$200; Note: The Issuer may, upon its discretion, decide whether to charge card loss report fees and specify so in the contract). However, if deemed necessary by the Issuer, a notice shall be sent to the cardholder within ten (10) days after accepting the card loss report, requesting the cardholder to file a report with the local police authority within three (3) days after receiving the notice or send a written supplementary report to the Issuer. The Issuer shall assume losses incurred from unauthorized use of the cardholder's credit card starting from the time the cardholder has completed the card loss report formality. However, under any of the following circumstances, the cardholder shall still be held liable for losses incurred from unauthorized use after completing the card loss report formality:

- i. The unauthorized use by another individual is permitted by the cardholder or the cardholder intentionally gave his or her card to said individual.
- ii. Another individual learns the cardholder's PIN or other ways to verify the identity of the cardholder for cash advances or other transactions via ATM as a result of an intentional act or material omission on the part of cardholder.
- iii. The cardholder conspired with a third party or contracted merchant to falsify transactions or to commit credit card fraud.

The amount (deductible) to which the cardholder is liable for losses incurred from unauthorized credit card use prior to completing the card loss report formality shall be capped at NT\$. (Note: The Issuer may, at its discretion, set the amount of deductible for cardholders not to exceed NT\$3,000. Such terms shall be specified in the contract.) However, the cardholder's deductible may be waived under any of the following circumstances:

- i. Unauthorized card use occurred within 24 hours of the completion of the card loss report formality.
- ii. The signature of the unauthorized user on the charge slip appears visibly different to the naked eye from the signature of the cardholder, or identifiably different from the signature of the cardholder had due diligence of a good administrator been exercised.

If the cardholder meet the provision specified in Paragraph 2 hereof and one of the following conditions, and the Issuer could show that it has exercised due diligence of a good administrator, the agreed deductible for unauthorized use in the preceding paragraph does not apply:

- i. The cardholder is aware that his or her credit card has been lost or stolen, but is remiss in promptly notifying the Issuer, or if the cardholder still did not notify the Issuer of lost or stolen credit card twenty (20) days after the current payment deadline.

ii. The cardholder breaches the terms of Paragraph 1, Point 2 herein by not signing on his or her credit card, which results in unauthorized use by another individual.

iii. The cardholder did not provide the documents requested by the Issuer, refused to assist with the investigation or show other behaviors that violate the principle of good faith after reporting credit card loss. Regarding cash advances at the automated machines, the cardholder shall be liable for damages occurred prior to reporting of the credit card loss as a result of fraudulent use. The deductible specified in Paragraph 3 does not apply.

10. Maintenance, Deduction and Refund of Overpayment

If the cardholder has paid an amount in excess of the amount payable, the matter shall be dealt with as instructed by the cardholder or as agreed upon by both parties. If the cardholder does not give any other special instruction, the remaining balance will be used to offset subsequent amount payable to the Issuer.

Regarding the cardholder who has not renewed his or her card following its expiration but carries an overpaid balance on his or her account, the Issuer shall highlight the reminder in the credit card statement or shall actively contact the cardholder for his or her instruction as to how to proceed with the matter.

11. Use Restrictions

If the cardholder meets any of the following conditions, the Issuer may, without prior notice or reminder to the cardholder, lower the cardholder's credit limit, adjust the minimum payment ratio or amount on revolving credit, or suspend the cardholder's privilege to use the credit card, and notify the cardholder immediately:

i. The cardholder has given false information or has submitted falsified document with the application, has not signed on the credit card, has transferred the possession of credit card, has conspired with another individual or contracted merchant to obtain cash or other profits by fabricating falsified transactions or by committing fraud with the credit card or other means, or has directly or indirectly obtained financing from an unapproved or unauthorized cash advance agency or individual..

ii. The cardholder deliberately reveals his or her PIN or other ways of verifying personal identification for cash advances or other transactions via ATM to another individual.

iii. The cardholder pays less than the minimum payment required by the Issuer for two consecutive billing cycles.

iv. The cardholder applies for debt settlement, declaration of bankruptcy, rehabilitation, liquidation, pre-negotiation or corporate reorganization in accordance with the bankruptcy laws, or is denied service by the check clearing house, discontinues his or her business or undergoes debt consolidation.

v. The cardholder is the statutory agent, representative or manager of a juristic person or a non-juristic-person organization, and such juristic person or non-juristic-person organization is denied service by the check clearing house.

If the cardholder meets any of the following conditions and is unable to provide reasonable explanation, the Issuer may, after giving the cardholder

a prior notice or reminder, lower the cardholder's credit limit, adjust the minimum payment ratio or amount on revolving credit, or suspend the cardholder's privilege to use the credit card under significant circumstances:

- i. The cardholder pays less than the minimum payment required by the Issuer for one billing cycle.
- ii. The cardholder makes transactions in excess of his or her credit limit.
- iii. The cardholder's check is bounced due to insufficient fund.
- iv. The cardholder has his or her credit card privilege suspended or credit card contract terminated by another Issuer for reasons described in Paragraph 1 of this point.
- v. The cardholder's principal properties are subject to compulsory enforcement.
- vi. The cardholder is being sued for a tax-related affair or is criminally charged with property crime.
- vii. Due to changes in the occupation, position, financial source or debt of the cardholder (including but not limited to the total amount of consumer loans and financial dealings from credit cards and cash cards issued by the financial institutions or credit card issuers), there are sufficient facts supporting the Issuer's decision to lower the original credit evaluation for the cardholder.

The Issuer may reinstate in part or in whole the cardholder's originally granted credit limit, the original minimum payment ratio or amount on revolving credit or the cardholder's privilege of credit card use after the circumstances provided in Paragraph 1 or Paragraph 2 cease to exist, the Issuer accepts explanations provided by the cardholder, or the cardholder makes partial payment or provides proper guarantee. .

The Issuer, when exercising the power to adjust the minimum payment ratio on revolving credit or amount payable for the cardholder in accordance with Paragraph 1 or 2, shall take the cardholder's past payment records into consideration to determine the appropriate rate or amount. If and when the cardholder raises an objection, other than circumstances described in the Subparagraphs 1 and 2 of Paragraph 1, the Issuer shall negotiate with the cardholder under the principle of good faith.

12. The Handling of Outstanding Balance on Terminated Contract

When the Issuer informs the cardholder in writing of the changes to the contract terms and conditions, and the cardholder raises objections within the objection period, leading to the termination of contract, the Issuer shall allow a grace period of at least 6 billing periods for cardholders who make payments by revolving credit or in installments. However, for cardholders with less than 6 payments remaining according to his or her original installment plan, he or she shall continue to fulfill the original contract. As a result of the requirement to continue fulfilling the contract, Article __ of the original credit card contract (to be specified by the Issuer) remains in effect for the Issuer and the cardholder.

“Prohibitory Provisions of Standard Form Contract for Credit Card”

1. The contract shall not contain any clauses on waiving contract cooling-off period by the cardholder.
2. The contract shall not contain an objection period less than 7 days during which the cardholder may raise objections against changes to the

contract.

3. The contract shall not contain any provisions requiring the supplementary cardholder to bear joint liability for the credit card debt owed by the principal cardholder.
4. The contract shall not contain any provisions that include purchases made during the current billing cycle within the current principal for the calculation of the. finance charges
5. The contract shall not contain any provisions that include the finance charges, annual fees, or service charges such as cash advance fees, card loss report fees, access to a credit card receipt or late fees for the calculation of the finance charges.
6. The contract shall not contain any provisions for applying adjusted rate for revolving credit toward purchases made prior to the adjustment.
7. The contract shall not contain any advertisements for the Issuer and oral agreements between the cardholder and the Issuer, which do not constitute contents of the contract. The contract also shall not include the statement that advertisements are for reference only.
8. The contract shall not contain any provisions that require purchases made in a non- US dollar area be converted to USD prior to being converted to NTD.
9. The contract shall not contain any provisions that charge duplicate foreign transaction service fees for a single transaction made by the cardholder in a non- US dollar area.
10. The contract shall not contain any clauses that in violation of the good faith, fairness or any of the mandatory and prohibitive regulations.

Data Source : Financial Supervisory Commission Laws and Regulations Retrieving System