

What are PayPass and payWave cards?

Most MasterCard and Visa cards issued in Australia, whether credit cards or debit cards, now incorporate radio frequency (RF) technology that enables transactions to be made by holding the card against an RF-equipped reader terminal. Such cards are labelled as either MasterCard *PayPass* or Visa *payWave*.

Where can the cards be used?

PayPass and payWave reader terminals are typically found in stores that mainly process low-value transactions, such as convenience stores, cafes, service stations and discount stores. Transactions up to \$100 can be made by simply holding the card to the reader terminal – no PIN or signature is needed. Transactions over \$100 have to be made by either swiping or inserting the card into a conventional terminal and authorising the transaction by either PIN or signature.

Are the cards secure?

If you have any questions or concerns about the security of PayPass or payWave cards, you should contact MasterCard or Visa or the business that issued the card to you. They will be able to explain to you how the cards work and how the cards and the attached accounts are protected from security breaches.

Do I have to use PayPass/payWave?

Most banks and other card issuers in Australia have adopted the RF technology, and they may not allow their customers to choose a MasterCard or Visa card without the contactless payment function.

This is a policy matter for the issuer. The Financial Ombudsman Service (FOS) is an independent dispute resolution scheme, established to resolve disputes between consumers and financial services providers (FSPs). FOS is not a regulator of the financial services industry and we cannot consider disputes that relate only to the policies of a financial services provider. This includes disputes solely about the security of the RF technology and/or any potential liability if a card is lost.

What if someone uses my card or account without my consent?

An *unauthorised transaction* is a payment made with your card or account without your knowledge and consent.

We recommend that you:

- always check your account statements to make sure no unauthorised transactions have been made
- tell your card issuer immediately if your card is lost or stolen.

If you ever think unauthorised transactions have been made, you should complain first to the bank or other business that your account is with. If you are not happy with how they handle the problem, or if they don't respond, you should come to FOS. We can consider disputes about unauthorised transactions.

Who pays for unauthorised transactions?

Liability for unauthorised transactions – that is, who must pay for them – is governed by the terms and conditions for the card and by the Electronic Funds Transfer Code of Conduct (EFT Code). Because contactless transactions under \$100 do not require a PIN or signature for authorisation, the customer will generally not have to pay for unauthorised transactions.

A customer can only be held liable for unauthorised contactless transactions if:

1. Their card was misused, lost or stolen.
2. They knew that their card was misused, lost or stolen.
3. They took an unreasonably long time to tell the card issuer about the misuse, loss or theft of the card.

In such circumstances, the customer might have to pay for any unauthorised contactless transactions made after they became aware of the misuse, loss or theft of their card but before they notified the issuer.

There is, however, another level of protection that the EFT Code offers to consumers for unauthorised transactions on a credit card account. If the card issuer was notified about unauthorised contactless credit card transactions, and it had the right to charge back (i.e. reverse) those transactions under card scheme rules, the card issuer cannot hold the customer liable for such transactions even if the customer had delayed in telling the card issuer about the misuse, loss or theft of their card. To gain the protection of this part of the EFT Code, the customer must notify the card issuer about the unauthorised transactions within the 120 day period in which the card schemes allow a transaction not authorised by the cardholder to be charged back.

More information

Financial Ombudsman Service: www.fos.org.au or 1300 78 08 08

MoneySmart (ASIC consumer website): www.moneysmart.gov.au

Electronic Funds Transfer Code of Conduct: <http://www.asic.gov.au/eftcode>