

1 AN ACT concerning liability for debit card use.

2 Be it enacted by the People of the State of Illinois,
3 represented in the General Assembly:

4 Section 1. Short title. This Act may be cited as the
5 Debit Card Liability Act.

6 Section 5. Definition. For purposes of this Act, the
7 following definitions apply:

8 "Accepted debit card" means a debit card that the debit
9 cardholder has requested and received, or has signed, used,
10 or authorized another person to use, for the purpose of
11 obtaining money, property, labor, or services. A debit card
12 issued in renewal of, or in substitution for, an accepted
13 debit card becomes an accepted debit card when received by
14 the debit cardholder, whether the debit card is issued by the
15 same or by a successor card issuer.

16 "Account" means a demand deposit (checking), savings, or
17 other consumer asset account, other than an occasional or
18 incidental credit balance in a credit plan, established
19 primarily for personal, family, or household purposes.

20 "Adequate notice" means a printed notice to a cardholder
21 that sets forth the pertinent facts clearly and conspicuously
22 so that a person against whom it is to operate could
23 reasonably be expected to have noticed it and understood its
24 meaning.

25 "Debit card" has the same meaning found in Section 2.15
26 of the Illinois Credit Card and Debit Card Act.

27 "Debit card issuer" means any person who issues a debit
28 card or the agent of that person for that purpose.

29 "Debit cardholder" means a natural person to whom a debit
30 card is issued.

31 "Unauthorized use" means the use of a debit card by a

1 person, other than the debit cardholder, to initiate an
2 electronic fund transfer from the debit cardholder's account
3 without actual authority to initiate the transfer and from
4 which the debit cardholder receives no benefit. The term does
5 not include an electronic fund transfer initiated in any of
6 the following manners:

7 (1) By a person who was furnished the debit card to
8 the debit cardholder's account by the debit cardholder,
9 unless the debit cardholder has notified the debit card
10 issuer that transfers by that person are no longer
11 authorized.

12 (2) With fraudulent intent by the debit cardholder
13 or any person acting in concert with the debit
14 cardholder.

15 (3) By the debit card issuer or its employee.

16 Section 10. Liability for unauthorized use of a debit
17 card.

18 (a) A debit cardholder is liable for an unauthorized use
19 of a debit card only if all of the following conditions are
20 met:

21 (1) The card is an accepted debit card.

22 (2) Except as provided in subsection (b), the
23 liability is not in excess of \$50.

24 (3) The debit card issuer has given adequate notice
25 to the debit cardholder of the potential liability.

26 (4) The debit card issuer has provided the debit
27 cardholder with a description of the means by which the
28 debit card issuer may be notified of loss or theft of the
29 card.

30 (5) The unauthorized use occurs before the debit
31 card issuer has been notified by the debit cardholder
32 that an unauthorized use of the debit card has occurred
33 or may occur as a result of loss, theft, or otherwise.

1 (6) The debit card issuer has provided a means to
2 identify the debit cardholder to whom the debit card was
3 issued.

4 (b) Notwithstanding subsection (a), if the debit
5 cardholder fails to report an unauthorized use that appears
6 on a periodic statement within 60 days after the debit card
7 issuer's transmittal of the statement, and if the issuer
8 establishes that an unauthorized use would not have occurred
9 had the debit cardholder notified the issuer within the
10 60-day period, the debit cardholder shall be liable for the
11 amount of each unauthorized transfer that occurs after the
12 close of the 60 days and before notice to the issuer. If the
13 debit cardholder's delay in notifying the debit card issuer
14 was due to extenuating circumstances beyond the debit
15 cardholder's reasonable control, the time specified above
16 shall be extended by a reasonable period. For the purposes of
17 this subsection, examples of extenuating circumstances
18 include, but are not limited to, extended travel, the death
19 or serious illness of the debit cardholder or a member of the
20 debit cardholder's family, hospitalization, permanent mental
21 impairment, or serious physical impairment, unless the
22 circumstance did not reasonably contribute to the
23 cardholder's delay in notifying the debit card issuer within
24 the 60-day period.

25 (c) A debit cardholder shall have no liability for
26 erroneous or fraudulent transfers initiated by a debit card
27 issuer, its agent, or employee.