



Florida Public Service Commission

Consumer Bulletin

E. Leon Jacobs, Jr., Chairman



Prepaid Phone Cards Consumers Need To Understand How They Work

It's pretty hard to miss prepaid phone cards these days. Virtually every grocery and convenience store displays them prominently, and they're frequently advertised in magazines, billboards and television and radio commercials. But what exactly *is* a prepaid phone card, and what do you as a consumer need to know before buying them?

Most pre-paid phone cards display a toll-free access telephone number and a personal identification number (PIN). Pre-paid phone card companies have computers that use your PIN to keep track of your card usage - how much phone time you have on your card in minutes or units. To make a phone call, you dial the access number, enter your PIN, and at the voice prompt, enter the phone number of the party you're trying to reach. A computer tells you how much time - or how many units - remain on your card, and how to use other features your card may offer. If your pre-paid phone card can't be recharged - that is, if you can't buy additional minutes by phone for the card - you'll need to buy a new card once you've used up the time or minutes.

Generally, the card is purchased either for a specific dollar amount or for a specific number of minutes. (Typically, the time-based phone cards come in increments of 100, 300, 600 or 1,000 minutes. Dollar-based phone cards start at \$5 and go up to around \$300.) When you make a call, the total cost of the call, which is often made up of several components, is accumulated, and the remaining value on the card is reduced by the cost of the call.

Prepaid cards offer several advantages for consumers. These include the following:

- ◆ Strict budget control.
- ◆ Flexibility in choice of long distance carrier.
- ◆ Cost-effectiveness for travelers, students, workers and others who are away from home.

As the pre-paid phone card industry mushrooms, and as more people buy and use the cards, some problems are coming to light. The most common consumer complaints involve:

- ◆ access numbers or PINs that don't work;
- ◆ issuers who go out of business, leaving cardholders with a useless card;
- ◆ customer service numbers that are busy or simply don't work;
- ◆ toll-free access numbers that are constantly busy, preventing use of the card;
- ◆ rates that are higher than advertised;
- ◆ hidden connection charges, taxes and surcharges;
- ◆ cards that debit minutes or units even when you don't connect with the party you're calling; and
- ◆ poor quality connections.

The Florida Public Service Commission (PSC) is actively pursuing providers of prepaid phone cards who are engaging in deceptive and unlawful practices. If you find the information from your provider to be confusing, ask for a detailed explanation in writing. If the response is not sufficient, please contact the PSC.

When using a prepaid phone card, please also keep these suggestions in mind:

- ◆ Every company selling prepaid phone cards in Florida must have authority to do so from the PSC. Before purchasing a prepaid card, call the PSC toll-free at **1-800-342-3552** to make sure the card is being provided by an authorized company.
- ◆ Before purchasing a prepaid phone card, make sure you know the per-minute fee and are aware of any other charges that apply. A common complaint from users of prepaid phone cards is that the card's minutes get used up more quickly than expected.
- ◆ Be sure you know what you are buying. If you are unfamiliar with the card, or unsure of the service, consider making a small purchase first. This will allow you to try out the service and will limit your loss if the card doesn't meet your expectations.
- ◆ Always check the card for its expiration date prior to purchase. Most cards expire, even if there are unused minutes left on them. Be sure you use the minutes before the expiration date.
- ◆ Treat your card like cash. With a prepaid phone card, there is no insurance against loss or theft. If your card is lost or stolen, the amount of your loss is limited to the value of the card itself. It can be used by anyone who holds it.
- ◆ Be sure no one has had access to the personal identification number. This way, you can be sure that no one has used any of the available time prior to your purchase.

For a free brochure on prepaid phone cards, or for more information, please call the PSC at **1-800-342-3552** or visit our Web site at www.floridapsc.com. You may also visit the consumer information site of the Federal Trade Commission at: <http://www.ftc.gov/bcp/online/pubs/products/buytime/index.htm>.

E. Leon Jacobs, Jr. is the Chairman of the Florida Public Service Commission. The PSC sets the rates utility companies charge for natural gas, electric and telephone service within the state. In 36 counties, it sets the price you pay for the water you drink, if your water company is privately-owned.