

# Child-proof your house for credit card theft

KIDS & MONEY – CHICAGO TRIBUNE - MAY 7, 2018

Who would have thought that in 2018, in the age of cyber-technology and security checks, that a 12-year-old boy could go on an unauthorized spending adventure to Bali to the tune of \$6,000 using his mother's credit card?

But that's exactly what happened this spring when the boy ran away from his home in Sydney, Australia with the plastic, purchased an airplane ticket, and wound up spending four days living the high life at a resort in Bali, where he hired transportation and filled up on food and beverages.

The get-away ended only after he was discovered by Indonesian police and turned over to his family. "He just doesn't like the word 'no,' and that's what I got, a kid in Indonesia," his mother told a television station.

While this is an extreme example of what can happen when your child swipes your credit card while your back's turned, there are plenty of more common scenarios, albeit on a smaller scale and mostly involving unauthorized online purchases.

It is difficult to find hard data on how often credit card theft by a child occurs. But the Federal Trade Commission has estimated that 16 percent of credit card fraud involved thieves who knew the victim personally. The FTC did not break out the number of cases involving children committing the theft.

All of which raises questions: Are you protected from unauthorized purchases, be it outright theft or an inadvertent click of the mouse by your 12-year-old? Do the rules cover the digital world as well as those at the shopping mall? How can parents protect themselves? And what are the takeaways for kids?

In terms of who pays when your kids make the unauthorized purchases, the answer is simple: Parents are not liable. According to the federal Truth in Lending Act, card holders are only responsible for up to \$50 of an unauthorized purchase, although most credit card companies have zero liability policies.

However, some card companies require that a card be reported as lost or stolen for fraud protections to apply, said Robert Harrow, head of credit card research at ValuePenguin, a consumer research company.

"All you need to do is call your issuer and report that a purchase on your bill wasn't authorized by you," Harrow said. "The issuer may choose to cancel the purchase or investigate the fraud."

What if the card company challenges your version of events and refuses to waive the charges? Harrow recommends filing a complaint with the federal Consumer Financial Protection Bureau, or worst case, seeking a lawyer who specializes in credit card fraud.

Similarly, parents are also protected against unauthorized purchases in the digital world, with some cases resulting in court settlements. In one highly publicized 2014 case, Apple Inc. agreed to an FTC order to pay out about \$32.5 million to reimburse parents for unauthorized mobile app purchases made by their children while playing games like Dragon Story and Tap Pet Hotel.

How can parents avoid these tangled situations, both unauthorized and inadvertent, in the first place?

"Most parents know to child-proof outlets or sharp edges," Harrow said. "But you shouldn't stop there. You should child-proof your payment information."

For example, keep computers and other devices in an area of the house that allows you to monitor what's going on, make sure you log off when you're finished using your computer, and password protect your financial information.

If your child has downloaded a mobile game, go through it to make sure there are no purchase possibilities for tempting upgrades.

And while we like the convenience of fast checkouts at online payment windows, be mindful that when hitting the "remember card details" button when asked to do so makes it easier for kids to access your credit card, Harrow said.

Finally, set clear expectations and rules about what kids can and can't purchase, and don't let them make purchases using your credit card without permission.

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