

# UTILI-FACTS

## Prepaid Long Distance Phone Cards

Prepaid phone cards are convenient and frequently offer a lower rate for long distance calling than what traditional phone companies offer. A growing number of consumers are relying



on prepaid phone cards to make domestic and international long distance calls. Prepaid phone cards allow the user

to purchase a specific dollar value of calling time and to have the cost of each call deducted from the account's balance. The cards are sold at many retail locations as well as on the Internet and can be used from anywhere. There are many important differences among prepaid phone cards that consumers should be aware of before purchasing a card.

### Shopping for a prepaid phone card

When shopping for a prepaid phone card, look for the following information on fees and other charges that

affect your actual calling costs:

- Is there a surcharge for each call you make?
- Is there a minimum call length?
- Is the duration of each call rounded up to the nearest minute?
- Is there a maintenance fee charged on the account? Some card providers charge a daily, weekly, or monthly maintenance fee that's deducted from your account balance, reducing the amount of time for calls.
- Does the card have an expiration date or can it be recharged whenever your account balance is used up?
- Does the card charge for calls that are busy or aren't completed? (This practice is illegal.)
- Does the card have all the information printed on it that it is supposed to have (See "Pre-Paid Phone Cards in Texas" below)? If the card's information is not complete, do not buy it, and report the company to the Public Utility Commission (PUC) immediately.

### International Calls

Most prepaid phone card users make international calls. Depending on the specific area being called within a country, there

may be multiple rates that apply, even if a card advertises very low per-minute call rates. Additionally, rates for international calls to mobile phones are usually higher than rates for calls made to landline phones.

### Customer Service

Because there are hundreds of companies marketing prepaid phone calls, it's important to know how each provider deals with customer problems and complaints. It is required that the company offering the card has a toll-free, 24-hour customer service line. The company's refund or exchange policy must be clearly stated on the card.

### Prepaid Phone Calls in Texas

In July 2000, the PUC strengthened rules that protect pre-paid phone card customers. Every company that offers prepaid calling services or distributes prepaid calling cards in Texas must register with the PUC. Registration with the PUC doesn't guarantee that you won't ever have a problem with a given provider, but it does indicate that the provider is aware of the PUC's rules concerning prepaid calling service.

If you have any doubts about whether a prepaid phone card company is registered with the PUC, you can call the PUC toll-free at 1-888-782-8477 or send an e-mail to [customer@puc.texas.gov](mailto:customer@puc.texas.gov). Each pre-paid phone card provider and distributor must file its rates and fees with the PUC and may not charge more than the rates and fees on file with the Commission. Prepaid phone card providers may change their rates and fees but must file those changes first and allow customers access to that information via a toll-free number. International calling rates must be updated annually. Every prepaid phone card sold in Texas must have the following information printed clearly on it:

- A toll-free customer service number accessible 24 hours a day with either live operators or message recorders. If you have to leave a message, the provider must attempt to contact you no later than the next business day after you leave your message.
- A toll-free number that allows customers to inquire about international rates
- The maximum rate per minute for local, intrastate, and interstate calls and any fees and charges above the per-minute rate
- The name of the phone card company as registered with the PUC

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- The total value of the card when fully charged
- Instructions on how to use the card correctly
- The expiration date or policy of the card. A card without an expiration date or policy is considered active indefinitely.

**Additional Information on Pre-Paid Cards:**

- The same consumer information must be printed on any display at the point of sale as well as on either the pre-paid calling card or on the pre-paid calling card packaging.
- Cards may be bilingual as long as all the information is printed in both English and the second language.
- Font must be legible and no smaller than eight point.
- When you make a call with a pre-paid phone card, the service provider must announce the total number of minutes, billing increments, or dollars remaining on the account before your call is placed.
- At least one minute (or other billing increment) before the value of a card is used up, the provider must announce that

the card is about to be depleted.

- You may not be charged a surcharge more than once per call, nor may you be charged for any call that is busy or isn't completed.

**Most Common Complaints:**

As the pre-paid phone card industry grows some problems are coming to light. According to the Federal Trade Commission, the most common consumer complaints include:

- Access numbers or PINs that don't work
- Issuers who go out of business, leaving card holders with a useless card
- Customer service numbers that are always busy or simply don't work
- Toll-free access numbers that are always 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

**QUESTIONS:**

Call: 1-888-782-8477, in Austin 512-936-7120  
(TTY 512-936-7136) (FAX 512-936-7003)

Write: PUC - Customer Protection Division  
P.O. Box 13326, Austin, TX 78711-3326

Online: <http://www.puc.texas.gov/consumer/complaint/Complaint.aspx>

