

What Is A Pre-Paid Phone Card?

A pre-paid phone card is a card purchased from a merchant which is used to buy a certain number of calling minutes. The card can hold any dollar value. A pre-paid phone card is really just a way of paying for telephone service in advance by opening an account with the card issuer.

There are two types of pre-paid phone cards: disposable and rechargeable. The disposable type is thrown away after all the minutes you paid for have been used. The rechargeable type can be used again once you purchase more minutes. A rechargeable card enables you to recover credit on a phone card when the amount left is too small to make a call.

How Does a Pre-Paid Phone Card Work?

Once you buy a pre-paid phone card, you are given a PIN (Personal Identification Number) and a toll-free access number. When you want to use your card, dial the toll-free number and then enter your PIN. The call is connected to a computer operated by or for the card issuer. Once connected, the computer will tell you how much time you have. You can then dial the number you want to call.

The computer tracks the length of the call and deducts the appropriate amount. Once you've used all the minutes you paid for, you can recharge the card or throw it away.

What Are Some Benefits to Using a Pre-Paid Card?

- ◆ Eliminates the need to carry coins for pay phones.
- ◆ Provides an account to those without telephone service.
- ◆ Cheaper than traditional collect, third party, or calling card calls.
- ◆ Offer more security than traditional calling cards because a stolen calling card can be used to make thousands of dollars worth of calls. A stolen pre-paid card is limited to the value remaining on the card.
- ◆ Pre-paid cards don't charge a surcharge for the first minute of the call and often the taxes are already included with the purchase price. Typically, you can save significantly on short calls because of this.

What Concerns Should I Have?

- ◆ The card may stop working before it is completely used.
- ◆ Some cards make unexpected or unexplained charges.
- ◆ Service may be slow or poor.

- ◆ Few card providers offer information to the consumer to make an informed decision before buying the card.
- ◆ The card may expire before it is fully used.
- ◆ PIN or access numbers may not work or the access number is always busy so you can't use your card.
- ◆ Customer service numbers are busy or don't work.
- ◆ Rates may be higher than advertised.
- ◆ Hidden connection charges, taxes, and surcharges may reduce the number of minutes your money buys.
- ◆ You may be charged for calls that don't connect or charged a minimum number of minutes.
- ◆ Some companies deduct credit if you don't use your card within a certain amount of time.

These disadvantages should counsel caution rather than avoidance.

How Can I Protect Myself?

Before purchasing a phone card, make sure the name and toll-free number of the company is on the card. If no name is given, if the number is not toll-free, or if you have trouble getting through, do not buy the card from this company.

Call the company's toll-free access number and ask them the following questions:

- ◆ Is there an activation fee? (Some issuers require a one-time fee of \$10 or more for rechargeable cards.)
- ◆ How much will I pay per minute?
- ◆ Are the rates the same across the country? If you plan to call internationally, ask if the card allows you to do so and what rates you will pay.
- ◆ Will I be charged for calls that are unanswered?
- ◆ Is there a minimum charge per call?
- ◆ Can I purchase more time on my card, get a refund if I don't use all the minutes, or transfer unused credit to another card?
- ◆ Will my card be replaced if it is lost or stolen?
- ◆ Does the card have an expiration date?
- ◆ Is customer service available 24 hours a day?

Here are some other things to remember:

- ◆ You may consider buying a small amount of time at first to be sure you are satisfied with the service.
- ◆ You may want to research about the company with the Better Business Bureau. They can be reached at 1-800-866-6668.

- ◆ Don't buy a card that has the PIN number showing. An exposed PIN number can be copied and used to drain the card of its value.

Are Pre-Paid Phone Rates Regulated?

No. Rates for pre-paid phone cards are not regulated. To find out what a card charges, you need to contact the company.

Who Do I Contact If I Have a Problem?

- First call the toll-free customer service number printed on the card, or write to the company at the address provided.
- Contact the merchant who sold you the card. They may be able to help.
- If you are unable to resolve your complaint with the company or merchant, call the Kentucky Public Service Commission toll-free at 1-800-772-4636.

Kentucky Public Service Commission
P.O. Box 615
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www.psc.state.ky.us
1-800-772-4636

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