

Using cards: a guide for parents

Helping your children learn how to manage money effectively is one of the most beneficial life skills you can teach them. With the right guidance, using plastic cards can help establish good patterns of behaviour when it comes to responsible budgeting.

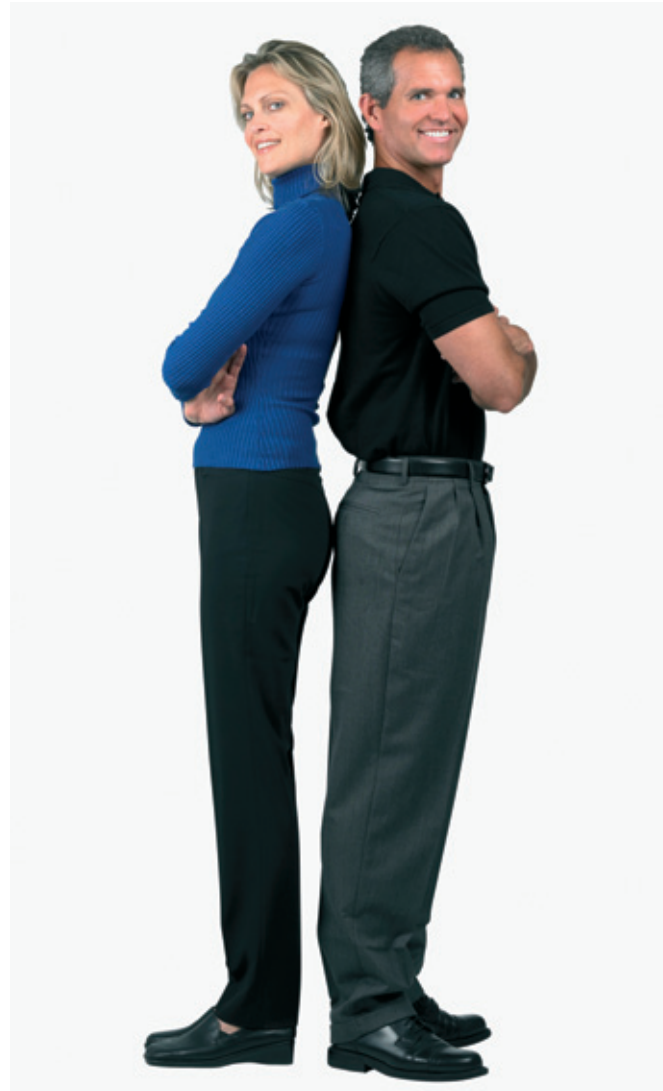
You can provide a vital source of financial information. It is important that your child is aware of the plastic card options available, how to keep themselves safe from fraud, and also the legislation that restricts young people from purchasing certain goods and services.

Current legislation rules that a parent may be committing a criminal offence if they let their child buy goods or services that are age-restricted.

Large numbers of young people have and use plastic cards of one sort or another. For instance, almost half of all

16- to 17-year-olds have a debit card. If you include cash-machine-only cards as well, 78 per cent of this age group hold a plastic card. In 2006, it is estimated that they spent £1.4 billion on their cards in the retail, travel and entertainment sector, with £255 million of this online. In addition, this age group withdrew a further £3.0 billion from cash machines.

In this guide, we outline some of the key issues parents should consider when helping their children make financial decisions, both about choosing and using plastic cards, and about how to keep those cards and accounts safe from fraud.



Key statistics

- 86 per cent of 18 to 24 year olds hold some kind of plastic card.
- Only 37 per cent of 18 to 24 year olds hold a credit or charge card, compared to 66 per cent of all adults.
- Credit/charge cardholders aged between 18 and 24 hold on average 1.7 credit/charge cards compared to 2.3 for all adults.

Fact

16 to 24 year olds who have a debit card make an average of 69 payments on the high street each year with their card, or almost six a month.

Age-restricted sales: what can young people buy?

Age restrictions are set down in law for a reason, so it is important that as a parent you are aware of what children of different ages are entitled to buy.

Any retailer or business selling age-restricted goods or services is legally responsible for checking the age of their customer. Should they sell to underage customers, they face fines or even imprisonment. If a parent has knowingly helped their child obtain

age-restricted goods or services – for instance, by lending them their card – they could be prosecuted. Card companies seek to comply fully with the law, but they have no legal responsibility to check what a young person may try to buy.

Information in this leaflet is not an authoritative interpretation of the law and is intended to be used as guidance only. Please check www.tradingstandards.gov.uk for up-to-date information on age-restricted sales.

What can young people buy?	
Age	What can they buy?
Over 12	Videos, DVDs and computer games (12 Certificate)
Over 15	Videos, DVDs and computer games (15 Certificate)
Over 16	Aerosol paint containers, cigarettes and other tobacco products*, certain fireworks (for example caps, cracker snaps, novelty matches, party poppers, throwdowns), lottery tickets and scratch cards, offensive weapons* (knives, blades, razor blades, axes or any other article containing a blade or sharp point which could cause injury) football pools, liqueur chocolates
Over 17	Airguns and pellets*, crossbows*
Over 18	Fireworks (other than those listed in the under 16 category), gas lighter refills (butane gas), intoxicating substances / solvents e.g. solvent based adhesives or petrol lighter fuel (these are restricted below the age of 18 if the trader knows or has reason to believe that the substance or fumes might be inhaled to cause intoxication), videos, DVDs and computer games, alcohol, gambling (for example, horse racing, greyhound racing, bingo, casino games, betting shops etc)
*Age restriction increases to over 18 from 1 October 2007	



Giving your child a card on your account

As a cardholder yourself, you may choose to add your child onto one of your existing card accounts, by making them an additional cardholder. You will want to make sure that your child understands what they need to do to keep their card and PIN safe, and you will also want to monitor how and where they are using their card.

When you receive your statement, check all the entries. If you spot any unrecognised entries, you should check these with your child. If you suspect that a transaction relates to any restricted goods or services being sold to your child, you should contact the business concerned. For instance if you spot an online gambling transaction which has been undertaken by someone under 18,

you should inform the merchant, and provide them with full details so that they can investigate and take steps to prevent it happening again.

We would advise you against lending your own card to your child. You should keep your PIN and any online passwords safe, and never disclose them. You should encourage your child to do the same with their cards.

If your child is staying away from home, at school or university, make sure statements are being sent to a secure address - take care where other people could have access to their mail - and encourage them to always check their statement.

Helping your children use the internet safely



It is estimated that, in 2006, 16-17 year olds alone spent £255 million online

The internet is a great resource for a whole host of reasons, but a downside is that it can provide easier access to goods and services which are age-restricted or illegal.

Although online businesses selling age restricted goods or services have a legal obligation to check the age of their customers, there are a number of commercial software products available

that parents can use to restrict access to websites which may not be suitable for children or young people, such as online gambling or pornography sites.

A few of these are listed below:

www.netnanny.com
www.gamblock.com
www.icra.org/parents
www.cyberpatrol.com
www.getnetwise.org

For general help on children and the internet, Childnet International provides useful information to "help make the internet a great and safe place for children". It can be found at www.childnet-int.org.

Key security advice when using cards in shops

- Card details are as valuable as cash in the wrong hands, so keep your card in sight and store it securely.
- Don't disclose your PIN or write it down to keep with your card.
- Use your free hand to cover up your PIN wherever you enter it.
- Always check your statement against receipts - shred and dispose of both with care.

For more detailed advice APACS has produced a "Protect your PIN" payments advice guide with additional hints and tips downloadable from www.cardwatch.org.uk

Key security advice when using cards for shopping online

- Sign up to Verified by Visa or MasterCard SecureCode if you are given the option whilst shopping online. By doing so, you can help prevent a fraudster using your card. You will be invited to register an additional password with your card company for use whenever you shop at a participating website.
- Only shop on secure sites. Before submitting card details ensure that the locked padlock or unbroken key symbol is showing in your browser.
- The beginning of the online retailer's internet address will change from 'http' to 'https' when a connection is secure. In some new browsers, such as Internet Explorer 7 and Firefox 2, the address bar may also turn green to indicate that a site has an additional level of security.
- Make sure your computer has up-to-date anti-virus software and a firewall installed and turned on.
- For more detailed advice APACS has produced a "How to protect cards against online fraud" advice guide downloadable from www.cardwatch.org.uk

Frequently asked questions

Can someone under 18 get a credit card?

Yes but not usually in their own right. People under 18 can be given a credit card as an additional cardholder. The main reason why they are not usually granted access to credit themselves is that, under existing legislation, under-18-year-olds do not have the capacity to enter into a contract, which is a pre-requisite for a credit product.

Can under 18s hold all types of payment card?

Yes, in theory, under 18s can hold any kind of card. However, as this age group do not have the legal capacity to enter into a contract, they are unlikely to be offered a product that enables borrowing.

Surely banks must know the age of all their cardholders – why can't the date of birth be checked at the time of sale automatically?

Although a card issuer should have a record of their cardholder's age, they cannot share this data with retailers; the Data Protection Act 1998 does not enable such information to be shared without the individual's consent. Sending age information also creates security concerns, as a retailer could then be in possession of a card number and date of birth, potentially making fraud easier.

Can online retailers choose not to accept a card?

Yes. There may be a number of reasons why a retailer might choose not to accept a card. For example, a retailer who is selling age restricted goods may choose not to accept cards that are available to young people.

Would banks support any kind of age-verification card?

Whilst card issuers seek to comply fully with the law, it is not their job to police or take a moral position on how cards are used. The onus is on the retailer to ensure that their customer is of legal age. There are a number of specialist providers of age-verification cards in the marketplace, including, amongst others, the CitizenCard, 16+ Card and the Student Identification Card.

Which plastic cards are available to young people?

From normal bank or building society debit cards to gift or pre-paid cards, there are plenty to choose from; all of these work in different ways.

You will want to consider what a card is required for and how it is going to be used before helping your child make a choice, as different cards will suit different needs.

Set out below is a list of the main cards available and whether age restrictions apply or not.

No age restrictions

Debit cards

These are only issued when linked to a bank or building society account, usually a current account. As under-18s do not have the capacity to enter into a contract, banks and building societies do not usually permit this age group to have an overdraft. Some debit cards, such as Solo or Visa Electron, require all transactions to be authorised against money already in the account, which prevents the cardholder going overdrawn.

Debit cards will also allow you to use a cash machine.

Cash-machine-only (ATM) cards

An under-18-year-old may be issued with a cash-machine-only card on a current or a savings account, but it will only allow money to be withdrawn, provided there are sufficient funds.

Contactless card payments



This is an additional function being launched onto some UK credit and debit cards in London in autumn 2007. For transactions below £10, where you see the contactless acceptance mark (see above), you will be able to pay by simply holding the contactless card up to a secure reader rather than having to insert your card into a reader and enter a PIN.

Pre-paid or Gift cards

There are generally no restrictions on who can hold this type of card. They may be useful for young people who wish to use cards, but who for whatever reason aren't in a position to hold a bank or building society account.

18 and over

Credit cards

Under 18s can normally only get a credit card as an additional cardholder – for example on a parent's credit card account. This age group are not usually granted access to credit themselves because, under existing legislation, under-18-year-olds do not have the capacity to enter into a contract, which is a pre-requisite for a credit product. Some credit card companies, however, will not give credit cards to under-18s even as additional cardholders.

Charge cards

The same rules apply to charge cards as to credit cards.

Store cards

The same rules usually apply to store cards as to credit and charge cards.

Cheque Guarantee facility on a debit card

This is normally only available to over-18-year-olds as an additional function on a debit card.

How do I find out more?

You can speak to any card issuer, such as a bank or building society, for more details on the products they can offer.

Or visit www.choosingandusing.com for additional help in choosing the right card.

For general help and guidance to guard against fraud, the following websites may be of assistance:

www.cardwatch.org.uk
www.identitytheft.org.uk
www.getsafeonline.org

www.banksafeonline.org.uk
www.apacs.org.uk