

What is Regulation E?

Regulation E is a federal law that sets guidelines for electronic funds transfers, including transactions involving debit cards, automated teller machines (ATMs), and direct deposits. It was enacted in 1978 under the Electronic Fund Transfer Act (EFTA) and is enforced by the Consumer Financial Protection Bureau (CFPB).

Regulation E covers a wide range of consumer protections, including:

1. **Disclosures:** Banks must provide consumers with clear and concise information about the terms and conditions of their electronic fund transfers, including fees, error resolution procedures, and consumer liability for unauthorized transactions.
2. **Authorization:** Consumers must give their consent before any electronic fund transfers can be made from their accounts.
3. **Error resolution:** Banks must investigate and resolve consumer complaints about unauthorized transactions or errors within a certain timeframe.
4. **Liability limits:** Consumers are only responsible for a limited amount of money for unauthorized transactions, depending on how quickly they report the issue to the bank.

How can Regulation E benefit consumers?

Regulation E provides several benefits to consumers, including:

1. **Protection from unauthorized transactions:** If your debit card is lost or stolen, or if someone uses your account without your permission, Regulation E limits your liability for unauthorized transactions. If you report the problem to your bank within two business days, you're only responsible for up to \$50. If you wait longer than two days, but less than 60 days, you may be responsible for up to \$500. If you wait more than 60 days, you could be liable for the full amount of the unauthorized transaction.
2. **Error resolution:** If you notice an error on your account statement, such as a transaction you didn't make or an incorrect amount, Regulation E gives you the right to dispute the error with your bank. Your bank must investigate the issue and resolve it within a certain timeframe. If the bank finds that an error occurred, they must correct it and credit your account for any losses you suffered as a result.
3. **Disclosure requirements:** Banks are required to provide you with clear and concise information about the terms and conditions of your account, including fees and transaction limits. This information can help you make informed decisions about your finances and avoid unexpected charges.
4. **Direct deposit protections:** Regulation E sets rules for how banks must handle direct deposits, including requirements for timely deposits and disclosures about fees and terms.