

regulations, forms, and clauses required to be prescribed to be promulgated at least one year prior to such effective date, and allowing any creditor to comply with any amendments, in accordance with the regulations, forms, and clauses prescribed by the Board prior to such effective date, see section 625 of Pub. L. 96-221, set out as a note under section 1602 of this title.

**§ 1666e. Notification of credit card issuer by seller of return of goods, etc., by obligor; credit for account of obligor**

With respect to any sales transaction where a credit card has been used to obtain credit, where the seller is a person other than the card issuer, and where the seller accepts or allows a return of the goods or forgiveness of a debit for services which were the subject of such sale, the seller shall promptly transmit to the credit card issuer, a credit statement with respect thereto and the credit card issuer shall credit the account of the obligor for the amount of the transaction.

(Pub. L. 90-321, title I, §166, as added Pub. L. 93-495, title III, §306, Oct. 28, 1974, 88 Stat. 1514.)

**§ 1666f. Inducements to cardholders by sellers of cash discounts for payments by cash, check or similar means; finance charge for sales transactions involving cash discounts**

**(a) Cash discounts**

With respect to credit<sup>1</sup> card which may be used for extensions of credit in sales transactions in which the seller is a person other than the card issuer, the card issuer may not, by contract or otherwise, prohibit any such seller from offering a discount to a cardholder to induce the cardholder to pay by cash, check, or similar means rather than use a credit card.

**(b) Finance charge**

With respect to any sales transaction, any discount from the regular price offered by the seller for the purpose of inducing payment by cash, checks, or other means not involving the use of an open-end credit plan or a credit card shall not constitute a finance charge as determined under section 1605 of this title if such discount is offered to all prospective buyers and its availability is disclosed clearly and conspicuously.

(Pub. L. 90-321, title I, §167, as added Pub. L. 93-495, title III, §306, Oct. 28, 1974, 88 Stat. 1515; amended Pub. L. 94-222, §3(c)(1), Feb. 27, 1976, 90 Stat. 197; Pub. L. 97-25, title I, §101, July 27, 1981, 95 Stat. 144.)

AMENDMENTS

1981—Subsec. (b). Pub. L. 97-25 substituted “With respect to any sales transaction, any discount from the regular price offered by the seller for the purpose of inducing payment by cash, checks, or other means not involving the use of an open-end credit plan or a credit card shall not constitute a finance charge as determined under section 1605 of this title if such discount is offered to all prospective buyers and its availability is disclosed clearly and conspicuously” for “With respect to any sales transaction, any discount not in excess of 5 per centum offered by the seller for the purpose of inducing payment by cash, check, or other means not involving the use of a credit card shall not constitute a finance charge as determined under sec-

tion 1605 of this title, if such discount is offered to all prospective buyers and its availability is disclosed to all prospective buyers clearly and conspicuously in accordance with regulations of the Board”.

1976—Subsec. (a). Pub. L. 94-222 temporarily designated existing provisions as par. (1) and added par. (2). See Termination Date of 1976 Amendment note below.

TERMINATION DATE OF 1976 AMENDMENT

Section 3(c)(2) of Pub. L. 94-222, as amended by Pub. L. 95-630, title XV, §1501, Nov. 10, 1978, 92 Stat. 3713; Pub. L. 97-25, title II, §201, July 27, 1981, 95 Stat. 44, provided that: “The amendments made by paragraph (1) [amending this section] shall cease to be effective on February 27, 1984.”

NULLIFICATION OF BOARD RULES AND REGULATIONS UNDER SUBSECTION (b) OF THIS SECTION IN EFFECT ON JULY 26, 1981

Pub. L. 97-25, title I, §103, July 27, 1981, 95 Stat. 144, provided that: “Any rule or regulation of the Board of Governors of the Federal Reserve System pursuant to section 167(b) of the Truth in Lending Act [subsec. (b) of this section], as such section was in effect on the day before the date of enactment of this Act [July 27, 1981], is null and void.”

**§ 1666g. Tie-in services prohibited for issuance of credit card**

Notwithstanding any agreement to the contrary, a card issuer may not require a seller, as a condition to participating in a credit card plan, to open an account with or procure any other service from the card issuer or its subsidiary or agent.

(Pub. L. 90-321, title I, §168, as added Pub. L. 93-495, title III, §306, Oct. 28, 1974, 88 Stat. 1515.)

**§ 1666h. Offset of cardholder's indebtedness by issuer of credit card with funds deposited with issuer by cardholder; remedies of creditors under State law not affected**

**(a) Offset against consumer's funds**

A card issuer may not take any action to offset a cardholder's indebtedness arising in connection with a consumer credit transaction under the relevant credit card plan against funds of the cardholder held on deposit with the card issuer unless—

(1) such action was previously authorized in writing by the cardholder in accordance with a credit plan whereby the cardholder agrees periodically to pay debts incurred in his open end credit account by permitting the card issuer periodically to deduct all or a portion of such debt from the cardholder's deposit account, and

(2) such action with respect to any outstanding disputed amount not be taken by the card issuer upon request of the cardholder.

In the case of any credit card account in existence on the effective date of this section, the previous written authorization referred to in clause (1) shall not be required until the date (after such effective date) when such account is renewed, but in no case later than one year after such effective date. Such written authorization shall be deemed to exist if the card issuer has previously notified the cardholder that the use of his credit card account will subject any funds which the card issuer holds in deposit accounts

<sup>1</sup> So in original. Probably should be preceded by “a”.