

[Card Company having applied for automatic transfer on behalf of a customer without his consent]

Facts

Claimant, a customer of Card A issued by Respondent, used the account of Bank B for card payments automatically wire transferred from his account, but terminated Card A on November 14, 2012. Later on May 15, 2015, Claimant found out that his account with Bank B was still registered by Respondent's Card A to be used for automatic wire transfer without his consent. So Claimant filed dispute mediation and demanded that Respondent compensate the damages and improve its systems.

Respondent answered the said problem was caused by the government-initiated "consolidates account shift" as at April 3, 2015, and there was no damage at all to Claimant. In this connection, long idle payment accounts were revived tentatively by Respondent so that some accounts with Bank B might be used to avoid default in payment of card proceeds. In the meantime, Claimant demanded the termination of his account for automatic wire transfer, which was finally realized almost one month later.

Reasoning

In this case, Respondent is evidently a user and provider of credit information

subject to Article 2 of the Credit Information Act and, accordingly, is governed by the Personal Information Protection Act. Also Respondent is a non-bank financial institution and regulated by this Act and the Electronic Banking Supervision Regulation.

In order for Respondent to register the automatic transfer information of Claimant, Respondent should have obtained Claimant's consent. So Respondent violated Article 15 (Consent to Withdrawal for Wire Transfer) of the Electronic Financial Transaction Act, which stipulates that banks or electronic financial service providers should obtain the payer's prior consent to withdraw for on-line collection-to-debit transfers, thus giving rise to Claimant's anxiety caused by any possible abuse and misuse of credit information.

Mediation Decision

Considering that i) greater damages may be caused by the leakage, abuse or misuse of personal credit information, including information for automatic wire transfer, than any other data breach incidents; and ii) Respondent belatedly took measures to terminate the automatic wire transfer with Bank B notwithstanding the repeated request of Claimant almost one month later, the Committee has decided that Respondent shall pay to Claimant KRW300 thousand for compensation of mental distress within four weeks from the date of mediation decision.

In addition, Respondent is required to establish a plan to prevent recurrence of

similar cases where the automatic wire transfer information of customers would be re-registered when they have already terminated credit card contracts, and to report in writing its performance status to the Committee.