



Consumer Federation of America



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North American Consumer Protection Investigators
2013 Consumer Complaint Survey Report
July 30, 2014**

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Introduction

Every year **Consumer Federation of America** and the **North American Consumer Protection Investigators** conduct a survey of state and local consumer protection agencies to ask about the top complaints they received the previous year, the worst and fastest-growing complaints, new types of complaints, their biggest challenges and achievements, and their suggestions for new laws needed to better protect consumers. This year, 40 agencies in 23 states across America responded to the survey.

These agencies provide direct information and assistance to the public. Unlike most federal agencies, they usually mediate individual complaints. Many have administrative, civil and/or criminal authority to stop unfair, deceptive or fraudulent practices, obtain restitution, and ensure that the marketplace functions properly. Some also have special responsibilities such as operating new car lemon law programs, monitoring the accuracy of scales, price scanners and meters, or regulating or licensing certain types of businesses and professions. In addition, state and local consumer protection agencies *prevent* problems in the marketplace by educating consumers and businesses about their rights and responsibilities. We do not survey federal agencies, or state agencies that have only one function such as regulating securities, insurance or banking; those agencies also receive numerous consumer complaints every year and make educational resources available to the public. But because the consumer agencies included in this survey handle such a broad range of issues and are easily accessible in their communities, they are often the first places that people turn to for advice and assistance.

This report provides a snapshot of the vital work that state and local consumer protection agencies perform to protect the interests of consumers and legitimate businesses. It also describes the difficulties of operating with limited resources, dealing with the evolving nature of fraud, and serving an increasingly diverse population. Agencies' very survival can be imperiled when budgets are strained; last year the Somerset County, New Jersey consumer agency closed due to budget cuts, and this year Fairfax County, Virginia considered, but decided against, eliminating its Consumer Affairs Branch. Another piece of good news was the creation of a consumer agency in Cuyahoga County, Ohio.

The effects of Superstorm Sandy were still presenting many consumers and consumer agencies with daunting challenges last year. State and local agencies are often among the first responders in floods, blizzards, wildfires, tornadoes, and other emergencies, providing information about where to find food, housing, gasoline and other resources, preventing price gouging, and helping consumers avoid fraudulent contractors and other scammers who take advantage of these situations. They are also on the front line in man-made disasters such as the foreclosure crisis, helping consumers cope with the impact and recover.

State and local consumer protection agencies deserve public support. They save consumers and businesses money by resolving their disputes, prevent fraud and abuse, protect public health and safety, help to ensure a fair and competitive marketplace, and demonstrate the positive role of government in people's lives.

Key Findings

- **The 40 agencies in the survey received a total of 268,380** complaints last year. This does not reflect the much larger number of consumers who benefitted from enforcement actions that the agencies took, however, nor does it include the millions of people who contacted them for advice but did not make formal complaints.
- **Based on figures provided by 35 agencies, the total amount they saved or recovered for consumers through complaint mediation, administrative procedures and enforcement actions exceeded \$139 million.**
- **The top three complaints continue to be: auto-related problems; home improvement and construction; and credit and debt issues.** This is not surprising since these situations often involve large consumer expenditures and some of the most egregious practices.
- **The top five fastest-growing complaints last year were: violations of do-not-call rights and other telemarketing abuses; home improvement and construction; used car sales; utility billing issues; and Internet sales.** Some agencies noted that with deregulation of gas and electric service and the proliferation of third-party suppliers, they have seen an uptick in complaints about high-pressure sales tactics and promised savings that never materialized.
- **The top five worst complaints last year were: scams of all kinds against the elderly; home improvement and construction; business closings that left consumers in the lurch; phony sweepstakes and lotteries; and landlord/tenant disputes.**
- **New types of consumer problems that agencies dealt with last year ran the gamut from problems with invalid concert tickets purchased online to illegal sales of synthetic marijuana. Several agencies cited the tech alert scam as new last year.** In this scam, consumers receive calls from fraudsters pretending to be with their Internet service provider, Apple or Microsoft, or a tech repair service, claiming to have discovered that their computers have been infected with a virus and directing them to a “repair” website. There is no virus – that is, until consumers go to the website, where malware is downloaded onto their computers. This enables the scammers to steal passwords, account numbers, and other personal information on victims’ computers. Sometimes the scammers demand payment to remove the malware.
- **A theme that emerged from the survey responses is the persistence of telemarketing abuses, despite the implementation of the national do-not-call registry, strict rules concerning robocalls, and other consumer protections.** We followed up with agencies to ask why, in the age of the Internet, telemarketing continues to be such a big problem.
- **Technology was cited as a major factor in telemarketing abuses.** Calls placed over the Internet (VoIP), often through proxy servers, can be made very inexpensively from anywhere in the world and are hard to trace; Caller ID spoofing software masks callers’ names and numbers and enable them to pose as legitimate companies or agencies; prepaid cell phones are purchased anonymously to make calls and then disposed of; auto-dialers make it easy and efficient to reach millions of potential victims; and fraudsters use credit card account information stolen by hackers and other identity thieves to purchase toll-free numbers and other services they need.
- **Stepped-up telemarketing enforcement by the Federal Trade Commission, the Federal Communications Commission and the FBI is clearly needed.** That would probably require more resources given agencies’ limited budgets and competing priorities. Close cooperation between federal, state and local agencies is also essential to investigate and prosecute these cases.

- **Some survey respondents suggested higher penalties for telemarketing violations.** It might also be helpful for agencies to receive a portion of penalties to use for enforcement purposes.
- **Technology can help thwart telemarketing abuses.** Last year the FTC gave [awards](#) for the best technical fixes to the problem of robocalls. One of the winning tools, Nomorobo, is available free, but it only works with phone service provided through the Internet (VoIP). The FTC is launching another [contest](#) aimed at developing the best “honeypots” to catch robocallers.
- **The telecom industry needs to do more to protect customers from telemarketing abuses.** There are some encouraging initiatives: the Internet Engineering Task Force, a standards body, is working on technical means to combat Caller ID spoofing, and the Messaging Malware Mobile Anti-Abuse Working Group has formed a special group to work on strategies to protect telephone services from scams and abuse. One survey respondent suggested that when illegal telemarketing calls are made to cell phones, there should be technology that enables consumers to report violations to their wireless service providers via a code. The wireless services could then block those callers. But more could be done right now. Telephone companies could, for instance, ask the FCC to allow them to offer a Nomorobo-like feature to VoIP customers.
- **Holding payment processors and others responsible for knowingly facilitating telemarketing fraud, or willfully ignoring it, is critical.** They should be expected to use due diligence and be alert for signs of fraud to prevent their services from being abused and protect consumers.
- **Ongoing consumer education about telemarketing rights is also crucial.** One survey respondent noted that she reminds consumers that if they are getting calls from strangers despite the fact that their numbers are in the do-not-call registry or in violation of robocall restrictions and other legal rights, it’s a danger sign of fraud, since legitimate telemarketers usually follow the rules. That is precisely the tack that CFA took when we released our *Guide to Understanding Your Telemarketing Rights* materials in March 2013. Go to www.consumerfed.org/fraud and scroll down to Telemarketing to view the guide, tips, and video that CFA developed to help educate consumers about how to recognize and report telemarketing abuses and avoid fraud.
- **State and local consumer agencies’ biggest achievements in 2013 were in the areas of enforcement, internal improvements, legislation and public outreach.** From holding clinics for homeowners on avoiding foreclosure to training for businesses on how to comply with privacy and security requirements, agencies used innovative approaches to educate the public. On legislation, Maryland and Wisconsin enacted new identity theft laws that provide better protection for child victims, and roofers in Kansas must now register with the state. In New Jersey the ability of county consumer agencies to enforce state consumer protection laws has provided more leverage in resolving complaints.
- **Among the biggest challenges facing the agencies last year was keeping up with the evolving marketplace, especially dealing with scammers targeting U.S. consumers from other countries.** In those situations, state and local consumer agencies found it helpful to work in partnership with federal agencies. Limited resources continued to be a major issue, exacerbating the challenge of maintaining and improving services. Some agencies experienced the retirement of long-time staff, resulting in loss of institutional memory and requiring time and other resources to train new hires. Effectively reaching out to consumers was another challenge that several agencies cited. One local consumer agency in New Jersey reported that the biggest challenge it faced last year was continuing to address problems resulting from Superstorm Sandy in late 2012, especially since agency staff had serious damage to their own homes and vehicles.

Top Ten Complaints in 2013

These are the top complaints to state and local consumer protection agencies last year based on the CFA survey. Their ranking in CFA's survey report for the previous year is noted in parenthesis.

1. **Auto:** (1) Misrepresentations in advertising or sales of new and used cars, lemons, faulty repairs, leasing and towing disputes
2. **Home Improvement/Construction:** (2) Shoddy work, failure to start or complete the job
3. **Credit/Debt:** (3) Billing and fee disputes, mortgage modifications and mortgage-related fraud, credit repair, debt relief services, predatory lending, illegal or abusive debt collection tactics
4. **Retail Sales:** (5) False advertising and other deceptive practices, defective merchandise, problems with rebates, coupons, gift cards and gift certificates, failure to deliver
5. **Services:** (6) Misrepresentations, shoddy work, failure to have required licenses, failure to perform
6. **Utilities:** (4) Service problems or billing disputes with phone, cable, satellite, Internet, electric and gas service
7. **Landlord/Tenant:** (8) Unhealthy or unsafe conditions, failure to make repairs or provide promised amenities, deposit and rent disputes, illegal eviction tactics
8. **(Tie) Home Solicitations:** (7) Misrepresentations or failure to deliver in door-to-door, telemarketing or mail solicitations, do-not-call violations/**Internet Sales:** (9) Misrepresentations or other deceptive practices, failure to deliver online purchases
9. **Health Products/Services:** (not in top ten last year) misleading claims; unlicensed practitioners; failure to deliver
10. **Fraud:** (not in top ten last year) Bogus sweepstakes and lotteries, work-at-home schemes, grant offers, fake check scams, imposter scams and other common frauds

The ranking of some complaint categories shifted from last year's survey report, but this may be due to a number of factors. While most of the agencies that participated in last year's survey responded this year as well, some did not, and there were a few new agencies participating this year. Because the top complaints can vary from agency to agency, we cannot conclude that complaints about fraud or health products and services, neither of which were in the top ten in last year's report, suddenly surged in 2013. The top ten complaints in this report were those most frequently cited as being in participating agencies' top ten last year. This provides a good snapshot of the types of problems that were commonly reported to state and local agencies consumer protection agencies in 2013.

Examples of these and other types of complaints from the files of state and local consumer protection agencies that participated in the survey are provided in the **Real World Complaints** section of this report and under **Enforcement** in the **Agencies' Biggest Achievements** section. There are also tips throughout the report to help consumers avoid these problems and know what to do if they encounter them.

Fastest-Growing Complaints in 2013

When asked about the fastest-growing complaints that agencies received last year, the top five were:

- 1. Violations of do-not-call rights and other telemarketing abuses**
- 2. Home improvement and construction**
- 3. Used car sales**
- 4. Utility billing issues**
- 5. Internet sales**

Some agencies noted that with deregulation of gas and electric service and the proliferation of third-party suppliers, they have seen an uptick in complaints about high-pressure sales tactics and promised savings that never materialized.

See **Key Findings**, pages 4 and 5, for an analysis of why agencies believe that telemarketing fraud and abuse are such persistent problems and what should be done to address them.

Other fast-growing complaints last year included identity theft, debt collection, mortgage-related problems, shipping services, landlord/tenant disputes, business closings, and auto repairs.

Worst Complaints in 2013

Agencies were asked about the worst complaints they received last year based on the number of complaints about a particular topic or company, the dollar amount involved, the impact on vulnerable consumers, the outrageousness of the situation, or other factors. The top five worst complaints were:

- 1. Scams of all kinds against the elderly**
- 2. Home improvement and construction**
- 3. Business closings that left consumers in the lurch**
- 4. Phony sweepstakes and lotteries**
- 5. Landlord/tenant disputes**

Other complaints that were described as the worst last year involved pet grooming, air duct cleaning services, debt collection, immigration assistance scams, fuel sales, problems with state health-insurance exchange websites, investment scams, parking services, student loan problems, online romance scams, tax-related identity theft, door-to-door sales, and telemarketing abuses.

New Types of Consumer Problems in 2013

The new types of consumer problems that agencies encountered last year illustrate the wide range of inquiries and complaints they handle. Where there are complaint examples in the report, the page numbers are provided.

- Invalid concert tickets purchased online (page 26)
- Tech alert scams (see Key Findings, page 4 and complaint examples, pages 17 and 18)
- A health club attempting to charge customers who wanted to cancel after the ownership changed
- Inaccurate information provided by an online auto history service (page 10)
- Websites that aggregate and publish public information online, raising privacy concerns

- Home security sales abuses (page 23)
- Inquiries about safety and other aspects of online ride-sharing services
- Scammers posing as court personnel, IRS, other government agencies (page 17)
- A website that looked like state motor vehicle department site but wasn't (page 27)
- Scams in which individuals posing as representatives of medical device companies called seniors offering "free" medical alert equipment and asking for their Social Security numbers and other personal information
- Synthetic marijuana sales (page 30)
- Utility cut-off scams targeting businesses (page 17)
- New types of problems with charitable fundraising (pages 13 and 14)
- Trouble with transfers of frequent flyer miles from one airline to another (page 32)
- A credit reporting agency's policy to keep information about Chapter 13 bankruptcy petitions that have been dismissed on consumers' files longer than bankruptcies filed under the same chapter that were approved
- Use of cash reload cards as a method of payment to scammers (page 18)

New Laws Needed

These are the suggestions that agencies made for new laws that are needed to better protect consumers.

Enhancing Enforcement Efforts

- Require that the identity and contact information of owners of websites and phone numbers used for commercial purposes be readily available so that consumers, and consumer protection agencies, can easily access that information.
- Make it easier for state agencies to obtain financial and other information needed for investigations across state and national borders.
- Strengthen enforcement against errant home improvement/construction contractors by:
 - Requiring licensing or registration, insurance and bonding for contractors in jurisdictions where such requirements do not already exist
 - Providing for the suspension of contractors' driver's licenses when they have not complied with licensing requirements or paid fines or other payments that have been formally ordered
 - Providing for enhanced penalties when the victims are elderly
 - Making it easier to extradite contractors from one state to another to stand trial
- Strengthen the Federal Trade Commission's enforcement powers.
- Enable local consumer protection agencies to enforce state laws in jurisdictions where they lack that authority.

Combating Identity Theft

- Enact federal requirements for data breach notices and require that credit and debit card issuers adopt chip-and-PIN technology.
- Increase penalties for identity theft and create credit reports for children and tools that parents can use to control access and freeze them.

Protecting Utility Customers

- Implement better consumer protections for billing and other problems with cable service.
- Mandate “kill switches” to protect mobile phone owners if the devices are lost or stolen and regulate automated kiosks that dispense money for used cell phones.

Protecting Consumers in Financial Services

- Mandate disclosures and consumer protections for new forms of payment and currencies such as Bitcoins.
- Waive federal taxes on savings that consumers gain as a result of mortgage modifications.
- Place federal caps on the amounts that can be charged for payday and car title loans.
- License third-party debt collectors and debt buyers and require all debt collectors to be registered and bonded in any state in which they do business.

Protecting Consumers from Fraud

- To help thwart “fake check scams,” require financial institutions to create an alert system to share information about the account and routing numbers that have been used.
- Mandate financial institutions to report elder financial abuse.

Other Protections Needed

- Regulate marine service providers and boat repair shops to require written estimates, record retention and other consumer protections.
- Update landlord/tenant regulations to address issues that may not be adequately covered, such as when mold should be considered a health hazard and what constitutes “habitability.”
- Enact used car lemon laws in jurisdictions where they do not exist.
- Ban mandatory binding arbitration provisions in consumer contracts and terms of service.
- Bar the use of credit ratings for decisions about employment, housing and insurance.

Real-World Complaints and What Consumers Should Do

Auto

Double-Check Before You Write the Check

When an Ohio man was considering buying a used car for \$9,000, the dealer provided him with a CARFAX report which showed the repair history and no accidents. But two weeks after the purchase, the man began to hear a squeaking noise and brought the car to his mechanic. It turned out that the vehicle had been in an accident that damaged the frame, radiator and air conditioning condenser. The dealer refused to help in any way, so the man complained to the **Summit County Office of Consumer Affairs**, which negotiated a full refund.

Sometimes an online report about a car's history can miss problems, but it's also possible that a report could show problems that don't exist. In a complaint to the **Consumer Assistance Office – Metro West** in Massachusetts, a man who had purchased a used car several years earlier decided to trade it in for another car. The dealer ran a CARFAX report that showed that the odometer may have been rolled back, which reduced the value of the trade-in by several thousand dollars. The consumer went through with the transaction anyway and then sought compensation from the dealer from whom he'd originally bought the car. That dealer denied tampering with the odometer and noted that there were several anomalies in the CARFAX report. For instance, it showed that the mileage had jumped more than 40,000 miles in less than ten days. The mileage readings were taken from the annual state inspections, but unfortunately the records themselves were no longer available. Refusing to give any adjustment, the dealer contended that the man should have come to him before finalizing the other transaction to give him an opportunity to point out the errors in the report and try to figure out what happened.

Eyeing a used car? Get its previous history so you'll know what you're bargaining for. Most states participate in the National Motor Vehicle Administration, through which you can get information about the title, whether the mileage that shows on the odometer is accurate, and whether the car was previously declared a total wreck. Approved companies that sell car histories are listed at www.vehiclehistory.gov. But be aware that not every problem may show up in the report. The CARFAX website, for instance, states that while its reports may show frame damage, you should always bring the vehicle to a mechanic to be inspected. Do that before you commit to the purchase. It's also possible that there could be errors in a report. If you're selling or trading in a car, you might want to run a report on it so you can be sure that the information in it is correct and provide an explanation if it is not.

RV Rip-Offs

The **Vermont Attorney General's Office** shared two stories from its files last year about problems with recreational vehicle sales. In one case, the consumer negotiated to pay \$16,000 for a used camper, but before the sale was finalized the dealer changed the price to \$18,900, claiming that the camper was being sold on consignment for an elderly woman who desperately needed more money. After purchasing the camper for the higher amount, the consumer discovered that it has actually been repossessed from the previous owner and the lender sold it to the dealer. With the agency's help, the consumer got a \$2,900 refund. Unfortunately, the other case did not have a happy ending. An older couple bought a used camper not realizing that it leaked until they set out on their first trip on a stormy day and got drenched sitting in the front seats. The dealer allegedly knew about the leak and that there was mold and mildew as a result, but failed to disclose that information. One of the couple has COPD and uses an oxygen tank, so mold and mildew poses a severe health hazard for that person. The dealer refused to take the camper back and provide a refund, so the couple has hired an attorney to sue.

Before you buy any type of used vehicle, have it checked out by a mechanic you trust to look for problems that may not become obvious to you until after the purchase.

Bad Deal Undone

A 90-year old Florida woman bought what she thought was a new car at a tent sale in a local parking lot, trading in her old car and agreeing to a purchase price of more than \$22,000. The vehicle she bought was actually used, however, and the woman became concerned that she could not afford the \$400 monthly car payments and the increase in her insurance premiums on her \$1,475 a month income from Social Security. The dealer refused her request to cancel the sale, claiming that her trade-in had already been sold. After the **Pinellas County Department of Justice and Consumer Services** intervened, the dealer agreed to unwind the sale and return her trade-in.

Double Billing

A Massachusetts man purchased a brand-new 2013 Jeep Grand Cherokee Laredo with \$32,000 in cash, so he was puzzled when he later received a car payment bill for \$512.00. He became even more concerned when the title for the vehicle failed to arrive and he began to get calls from a finance company about missing payments. Apparently he'd been signed up for financing, even though he had paid for the vehicle in full. With the help of the **Massachusetts Attorney General's Office**, the finance agreement was cancelled and the man received the title to the Jeep plus three years of free oil changes.

When you're buying a car, read the contract and any financing agreement carefully to make sure you know what you're getting and the cost. Don't be rushed or pressured, ask questions, and if there is anything you still don't understand show the paperwork to someone you trust before you sign.

Problematic Promotion

Metro Ford sent tens of thousands of notices to people in south central Wisconsin encouraging them to come into the dealership to claim a prize and consider buying a car. But the mailings didn't disclose the total number of prizes that would be awarded, the retail value of the prizes, or the fact that only a limited number of individuals were eligible to receive them. Furthermore, the odds of winning weren't calculated correctly and were printed in smaller type than state law requires. While not admitting any violations, the company made an agreement with the **Wisconsin Department of Agriculture, Trade and Consumer Protection** to pay a civil forfeiture of more than \$76,892.

Auto dealers use a variety of come-ons to get people into their showrooms. Report any solicitations that you think may be misleading to your state or local consumer protection agency.

Seeing is Believing

Searching for used cars online, an Ohio man found a vehicle he liked being advertised by a dealership. He spoke with the salesperson about the vehicle and was told a \$100 deposit was needed because lots of people were asking about it. Happy with the information provided by the salesperson and the pictures of the vehicle online, he paid the deposit without looking at the car in person. A few days later when he came into town to purchase the vehicle he saw that it didn't look like it had in the pictures and decided not to buy it. The dealership, however, refused to return his deposit. After he reached out to the **Cuyahoga County Department of Consumer Affairs** for help, the dealer agreed to return the security deposit.

It can be risky to buy a car sight unseen. Before you commit, it's a wise idea to check the vehicle out in person, especially since there is no automatic right to cancel.

Dealer Fails the Grade

In Georgia, used car dealers must ensure that the vehicles have a certificate showing that they have passed an emissions inspection before they can be sold to consumers living in certain counties. Without the certificates, the buyers can't register the cars or continue to drive them after the temporary tags have expired. In a typical complaint handled by the **Georgia Governor's Office of Consumer Protection**, the dealer failed to provide the certificate and the consumer paid more than \$5,000 for repairs in order for the vehicle to pass the emissions test. The dealer agreed to reimburse the consumer for the work.

Deal Goes Sour

In Massachusetts, a consumer who purchases a used car from a dealer has repair and return rights under the state's Used Vehicle Warranty Law if defects impair the vehicle's use or safety. The dealer must give the buyer a signed, dated copy of the warranty required by the law. In a typical case last year, the dealer failed to give the consumer the proper warranty at the time of sale and claimed that he wasn't responsible when defects were later discovered. The consumer followed the arbitration procedure provided for under the law, which is overseen by the **Massachusetts Office of Consumer Affairs and Business Regulation**, and the dealer was ultimately ordered to repurchase the vehicle.

Before you buy a used car from a dealer or an individual, get information about your rights and the seller's responsibilities from your state or local consumer protection agency.

Righting a Wrong

In Ohio, the Lemon Law only applies to problems occurring within the first year or 18,000 miles of a vehicle's use. Generally, used cars do not fall under the lemon law in Ohio, where vehicles can be sold "as is." But sometimes there are technicalities that can be used to help consumers when they've bought used cars and later seek assistance. In one consumer complaint that the **Ohio Attorney General's Office** assisted with last year, a young student complained about a used car that needed many repairs shortly after she purchased it. At first it appeared that the agency could not assist her, but then it discovered that the dealer had forged documentation to the Bureau of Motor Vehicles showing that the title was issued to the buyer at the time of sale, when in fact it was issued much later. Because the dealer failed to issue the title in a timely manner as required by state law, the agency was able to get the transaction rescinded and a full refund for the consumer.

Some states allow dealers to sell used cars "as is" as long as that is clearly disclosed, which means that the seller may have no responsibility – another reason why it's important to have the car checked out by a mechanic you trust before you commit.

On the Road Again, and Again, and Again...

A single mom in Massachusetts bought a used minivan, which failed to pass the required state emissions and safety inspection. She brought it back to the dealer, who couldn't find the problem and advised her to drive it for a while to "reset the computer systems." She did, but it failed again. The dealer told her to drive it for more miles. Eventually, she had driven several hundred miles and the car had failed inspection four times. Concerned that the warranty would soon expire, the woman took the vehicle to an independent mechanic. He couldn't figure out why the van was failing inspection but did discover that the engine had been replaced. At this point the woman turned to the **Consumer Assistance Office – Metro West** for help. The consumer office pointed out to the dealer that the fact that the engine had been replaced should have been disclosed and asked for more information about it. The dealer's research revealed that the engine actually had less mileage on it than the minivan, which was welcome

news to the buyer but still didn't resolve the problem of failing inspection. The dealer agreed to send the vehicle to a manufacturer's authorized dealership, pay for a loaner car while the necessary repairs were being made, and extend the warranty to compensate for the time that the car was out of service. Finally the car passed inspection and the woman drove away happy.

If there is a problem with a car you purchased and you can't resolve it with the seller, your state or local consumer protection agency may be able to help.

Intrepid Investigator Not Intimidated by Car Dealer

The **Union County Division of Weights and Measures/Consumer Affairs** in New Jersey received several complaints within a one-month period last year about a local used car dealer. The complaints were from out-of-state purchasers and all alleged that the dealer had not disclosed that the vehicles had been in accidents. Letters to the dealer went unanswered so the agency sent an investigator to the car lot. She noted that none of the vehicles on the lot had the Buyer's Guide required by federal law and most didn't have a price posted on them. As the investigator was making notes, four men came out of the office and surrounded her. She explained why she was there and left only after the manager assured her that the dealer would respond to each complaint. Eventually, after meetings and phone calls during which the dealer tried to threaten and intimidate the investigator, all the complaints were resolved except one in which the consumer could not be reached; that complaint finally resulted in court action.

The Federal Trade Commission's Used Car Rule requires dealers to post a [Buyers Guide](#) in every used car they offer for sale. It tells you whether the vehicle is being sold "as is" or with a warranty, what percentage of the repair costs a dealer will pay under the warranty, and other important information. Maine and Wisconsin are exempt from the FTC's Used Car Rule; they require dealers to display a different version of the Buyers Guide. You may also have other warranty rights under state law.

Business Opportunities

An Opportunity to Lose Money

One of the worst complaints to the **Ohio Attorney General's Office** last year involved an elderly woman who lost \$11,000 to a bogus business opportunity. In response to a postcard solicitation, she called the company and was promised that she could supplement her retirement income with a website similar to those of large Internet retailers. Despite the fact that she didn't even own a computer, she was talked into paying for setting up the website, services that were never performed and that never would have delivered the promised pay-offs. While the consumer agency was unable to track down the crooks, it did counsel the woman about how to deal with unsolicited mail offers (she remarked to agency staff that the postal carrier told her she received more junk mail than anyone else on the route) and hopefully helped her avoid falling prey to other scams.

Under the Federal Trade Commission's [Business Opportunity Rule](#), the sellers must provide specific information about themselves, including any prior legal actions there have been against them. They must also tell you the cancellation and refund policy for the offer and give you a list of references, and if they make any claims about potential profits, they must also provide a separate Earnings Claim Statement explaining the basis for them. Get everything in writing and seek professional advice from a lawyer, accountant, or other independent advisor before agreeing to anything or making any payments.

Charities

A Run Too Far

Last September an event planner, Ugly Dog Events, scheduled a charity run in Vermont. Several people

complained to the **Vermont Attorney General's Office** that they paid the entry fee but then received an email informing them that the run was cancelled and their payments would be honored for a future event. Unfortunately, all of the other events were slated to be held in the Western part of the U.S., none anywhere near Vermont. The consumer agency contacted the company and obtained refunds.

Many states regulate charities and professional fundraisers that solicit on their behalf. If you have a question or a problem concerning a charitable donation, your state or local consumer protection agency may be able to help, or refer you to the another agency that can assist you.

Take the Money and Run

A charitable organization in California was putting on its major fundraising event and hired a third-party company to handle the online registrations, sell the tickets, and take in the funds. The company failed to turn the proceeds over to the charity, however, and the **San Francisco District Attorney's Office Consumer Protection Unit** discovered that at least 75 other organizations were in the same situation, including children's programs and cultural, educational and musical organizations, most of which were totally dependent on their fundraising events to survive. The agency is currently investigating the losses, which may exceed \$5 million.

Organizations that that are considering using third-party services to help manage their fundraising efforts should get clear information in advance about exactly how they work, including how and when funds are transferred to their accounts, and check with other groups that have used the services.

Credit/Debt

Debt Desperation

An Astoria, New York woman, overwhelmed by a mountain of bills, contacted a Pennsylvania-based debt consolidation company, which promised to help her pay off all her debts. After giving the company several payments totaling \$5,320, she learned that nothing had been disbursed to her creditors; in fact, none of them had even been contacted. The **New York State Department of State Division of Consumer Protection** got her money back from the company.

Having problems dealing with your debts? Contact a local nonprofit credit counseling service. A trained counselor can give you advice and may be able to work out new payment arrangements with your creditors. If there is a fee for these services, it will be very small. To find a credit counseling service in your area, contact the National Foundation for Credit Counseling, www.nfcc.org or 800-388-2227 (for Spanish language call 800-682-9832).

Home is Where the Heart Is

Erin and Sandy, a Montana couple whose credit records were squeaky clean, were thrown into emotional and financial tumult when one of them was diagnosed with a life-threatening genetic heart condition that required surgery. As a result of the unexpected medical expenses, they had to file for bankruptcy. Their mortgage servicer told them to stop making payments in order to become eligible for a loan modification. This bad advice led to foreclosure. Fortunately, the **Montana Office of Consumer Protection** came to the rescue – it stopped the foreclosure and helped the couple obtain affordable permanent loan modification terms that allowed them to stay in their home.

Lawyer Lets Homeowner Down

Although the number of foreclosures in Los Angeles has dropped since the peak of the mortgage crisis, foreclosure remains a threat for many families and the **Los Angeles County Department of Consumer Affairs** continues to get many complaints. In one case last year, an attorney who was acting as a foreclosure consultant successfully negotiated a loan modification for a homeowner. But when it came time to make the trial payments, the attorney never forwarded the money from the homeowner to the lender and the property fell back into foreclosure. With the help of the consumer agency, the loan modification trial period was reinstated. The homeowner made the payments, and the foreclosure was averted. The lawyer was disbarred.

Need help modifying your loan or avoiding foreclosure? For information about your options and to find out if you are eligible for help from the government, go to www.makinghomeaffordable.gov. To talk to a housing counselor certified by the U.S. Department of Housing and Urban Development by call 888-995-4673, TTY 877-304-9707. There is no charge for these services. Your state or local consumer protection agency may also be able to help you.

Lose That Lien!

The fastest-growing complaints to the **Maryland Attorney General's Office** last year were about national banks and mortgage companies. Previously the agency did not handle these types of complaints but it began to do so as a result of the National Mortgage Settlement. While the problems for which consumers seek help typically involve foreclosures and loan modifications, there can be unique cases such as the one in which the consumer said that a lien had been mistakenly recorded on his property when it actually should have been placed on the property adjacent to his. He had already contacted a number of other agencies and had even gotten a written statement from the bank admitting that there was an error and that it did not have a lien on his property. But even after a bank regulatory agency ordered that the problem be fixed, it wasn't, and as a result the man was unable to sell his property and use the funds to pay for expensive medical treatment, for which he was uninsured. The consumer office is working with the bank and expects to have the problem resolved.

A mistake in your mortgage records can tie you and your property in knots. If there is an error that you can't resolve, ask your state or local consumer protection agency for help.

Wrong Debt Finally Deleted

After many months of frustrating efforts to get information about a debt removed from her credit report, a woman asked the **Ohio Attorney General's Office** for help. The data had been provided to the credit reporting agency by a third-party debt collector; the problem was that the account in question was not the consumer's. Every time the woman disputed it, the credit reporting agency responded that the creditor had verified that the information was correct. That's the response that the consumer agency initially received as well, but it persisted and finally got the data deleted.

Stand up for your right under the [Fair Credit Reporting Act](#) to dispute incorrect information on your credit report. If you can't resolve the problem, ask your state or local consumer protection agency for help.

Debt Collector Gets the Hammer

Debt collection abuses persist as the worst complaints reported to the **Georgia Governor's Office of Consumer Protection**. One of the most deplorable actors that the agency has pursued was Barrett Smith & Associates, located in the Atlanta metro area. The agency investigated after hearing from consumers and former employees of the company about harassing phone calls concerning debts owed on payday

loans (incidentally, payday loans are illegal both to make and collect on in Georgia). The company violated consumers' debt collection rights by threatening them with legal action and, in some cases, arrest; calling them at work after being told to stop doing so; and divulging information about debts to third parties. A former employee also alleged that the company pressured consumers into paying for debts they did not owe, charged more to consumers' credit cards than the amounts they did owe, and threatened wage garnishment and jail time if consumers failed to pay. To resolve these problems, the company was required to turn over its portfolio of 5,517 accounts, totaling more than \$3 million in consumer debt, to the agency and notify the debt seller from which it had obtained the accounts and the consumers that the debts were being cancelled. The company also paid investigative costs and civil penalties, and is subject to a "hammer clause" which would result in more penalties if it re-offends.

Under federal [law](#), you have the right to tell debt collectors not to contact you again. It's illegal for them to call with annoying frequency, falsely say they're going to take legal action, use obscene language, threaten you with bodily harm, or reveal information about your debt to someone else. You may also have rights under state law; check with your state or local consumer protection agency.

Paperwork Jungle

A young Massachusetts woman complained to the **Consumer Assistance Office – Metro West** about a problem with her student loans. She had five loans for which she was making one consolidated payment every month. The trouble was that the payments were not being applied properly, so she was incurring late charges even though she was paying on time. She tried to resolve the issue, but every time she paid the amount that she was told would bring her current, she received a notice that the payment was insufficient. When the consumer office contacted the loan servicer, it had trouble getting accurate answers to questions about the loans. Each was a variable rate loan that adjusted on a quarterly basis, and despite the efforts of the consumer office it proved impossible to set up a consistent payment plan.

Be careful when you enter into student loans and other types of finance agreements. Read the paperwork and ask questions if anything is not clear. You might want to consult with a lawyer or other trusted advisor to make sure that you understand the terms and they're suitable for your situation.

Fraud

Blessing Scammers Curse the Day They Came to San Francisco

The worst complaints reported to the **San Francisco District Attorney's Office Consumer Protection Unit** last year involved the "Chinese blessing scam." Several Hong Kong women, part of a roving international criminal group, took advantage of the superstitions of older Chinese immigrants to convince them that their lives, or the lives of their family members, were in danger unless they gave money and jewelry to be "blessed." The scammers made off with hundreds of thousands of dollars from San Franciscans and operated in New York and Los Angeles as well. But the scam turned into a curse for them when they were successfully prosecuted in San Francisco. Five of the defendants are now in jail.

Some scammers take advantage of ethnic, religious or other kinds of relationships to gain people's trust and swindle them. Because of the insular nature of some groups, these "affinity" crimes often go unreported. If you know or suspect that criminals are targeting people in your community, contact your state or local consumer protection agency and the police.

Too Much Love

Romance scams were among the worst complaints reported to the **North Dakota Attorney General's Office** last year. In one heartbreaking case, a man developed online relationships with two people, one

in Nigeria and one in Malaysia. Over time, he sent them money that they requested for airline tickets, medical expenses, hotel expenses, and other expenses – by his own reckoning, more than half a million dollars. He contacted the consumer agency because he was having misgivings, but he was not convinced that he was a fraud victim. His bank became concerned and also contacted the agency. His brother is attempting to obtain a conservatorship over the farming account that they share to prevent him from losing all the money in it. Despite the advice the consumer agency and others have given the man, it's not certain whether he has stopped communicating with his "sweethearts." These types of scams abound, especially online. The **Consumer Assistance Council** on Cape Cod received a complaint last year from a disabled woman who sent \$22,000 to a "friend" she met on Facebook.

Need someone to love? Your best bet is to join local organizations and go to social gatherings in your community. If you meet someone online through a dating service, social network or some other means, be very careful. You know what they say – when you're on the Internet, no one knows you're a dog. It's impossible to tell if someone in cyberspace is a man or a woman, an honest person or a crook. Don't give money or anything else of value to someone that you haven't met in person and gotten to know well.

Imposters Strike Many Poses

The "utility imposter scam" hit residential and business customers around the country last year. The **Wisconsin Department of Agriculture, Trade and Consumer Protection** heard from numerous consumers who had received calls from scammers pretending to be with their local utility companies. The imposters told them that their bills were past-due or their meters were broken and threatened that their power would be shut off unless they sent payment immediately by wiring it through a money transfer service or loading funds onto a cash reload card and providing the card and PIN number. The amounts the scammers demanded ranged from \$200 to as much as \$1,000, and it appeared that they were particularly targeting Hispanic consumers. The **Vermont Attorney General's Office** reported that businesses in that state were also getting these fraudulent calls.

If someone calls unexpectedly claiming to be from your utility company and demanding payment, don't panic and don't send any money. Hang up and call your utility company directly to verify your account balance and report the scam. It's also helpful to report this and other imposter scams to your state or local consumer protection agency so that it can issue a public warning.

In another type of imposter scam, the caller claims to be from the police or a sheriff's office and informs the potential victim that an arrest warrant has been issued for failure to report for jury duty. To avoid going to jail, the person is told to send money to pay the "fine," usually hundreds of dollars, via a money transfer service or cash reload card. The **Pinellas County Department of Justice and Consumer Services** received several complaints about the "jury duty scam" last year. A similar scam was new to the **Maryland Attorney General's Office** last year. In this variation, someone pretending to be a State's Attorney was sending emails informing people that there was a subpoena for them to appear in court and that they could avoid appearing by paying a "fee."

Scare tactics are one the common hallmarks of fraud. If someone claiming to be from law enforcement contacts you unexpectedly and demands that you send money somewhere, it's a scam. Report it to the agency that the person supposedly represents and to your state or local consumer protection agency.

Many agencies cited another imposter scam, the "tech alert scam," as new or the fastest-growing problem last year. In this scam, consumers receive calls from fraudsters pretending to be with their Internet service provider, Apple or Microsoft, or a tech repair service, claiming to have discovered that their computers have been infected with a virus and directing them to a "repair" website. There is no virus – that is, until consumers go to the website, where malware is downloaded onto their computers.

This enables the scammers to steal passwords, account numbers, and other personal information on victims' computers. Sometimes the scammers demand payment to remove the malware. In a complaint reported to the **Massachusetts Attorney General's Office**, the consumer provided the caller with remote access to her computer and her credit card number. As a result, her computer was infected with numerous viruses infecting the computer and her credit card was charged \$266.99. Another consumer complained to the **Connecticut Department of Consumer Protection** about being billed for more than \$300 twice by two separate entities that were supposedly working on the same "repair." While consumers can dispute fraudulent credit card charges and debits, they often have to pay legitimate repair services to fix the damage to their computers caused by these scams. Fixing the problems resulting from other sensitive personal information being compromised can be even more difficult.

The Federal Trade Commission's www.onlineonguard.gov website provides advice about how to spot the tech alert scam and other online dangers and keep yourself and your computer safe.

The "grandparent scam" is another common imposter scam. A Pennsylvania woman contacted the **Bucks County Consumer Protection, Weights and Measures Office** last year about a "frantic call" she received, supposedly from her grandson in California. The caller said he was in jail on a DUI charge and needed money to get out. He pleaded with her not to tell his mother. Alarmed, she immediately sent her husband to withdraw \$3,500 from their funeral fund at the bank in order to wire it to the grandson. Fortunately, she also called the consumer agency for advice and learned that it was likely a scammer, not her grandson, who called. The money was not sent. But the agency said that a growing number of seniors contacted it about this type of scam last year and not all the stories had such a happy ending. The **Consumer Assistance Council** on Cape Cod in Massachusetts shared a case in which a 90 year-old woman sent \$3,500 to someone who called claiming to be her nephew and needed help.

The "grandparent scam" doesn't only target older people. It takes many forms – a call from someone pretending to be a relative, an email that looks like it's from a friend – but the person always claims to be in an emergency situation and asks you to send cash immediately. Don't fall for it. At www.consumerfed.org/fraud you'll find a series of short, funny videos as well as tips from Consumer Federation of America about how to spot and avoid the "grandparent scam," "phishing," and other types of fraud.

Opening a Pandora's Box of Scams

Complaints involving bogus sweepstakes and lotteries persist. When the family of an older man asked the **North Dakota Attorney General's Office** to look into whether an insurance company had taken advantage of him, the agency found that there was no problem with the insurer, but it discovered that the man had been a victim of numerous other unfair practices and fraudulent transactions. He had been contacted by several different foreign callers who claimed that he had won millions in prizes and told him to send money for duties, transfer fees, taxes and other expenses. He sent nearly \$9,000 via money transfer services and cash reload cards, so there was no way to retrieve the funds. There was some good news, however. The agency also found that the man had written checks and had ACH debits from his bank account for multiple magazine subscriptions, memberships in travel clubs, and other dubious telemarketing and mail transactions – 29 in all – and negotiated refunds for him totaling \$15,650.

It's illegal for companies to ask you to pay a fee or buy anything in order to win or claim a prize – and it's a sure sign of fraud. Another danger sign is being asked to make payments via money transfer services and cash reload cards such as the Green Dot MoneyPak. That's just like sending cash. Money transfer services should only be used to send money to people whom you know personally. The Green Dot MoneyPak cash reload card is only intended to transfer funds to prepaid cards or make bill payments to

approved merchants. And be wary of any requests to put money on a prepaid card and send the card to someone you don't know – that's also the same as sending cash.

Gold Venture Doesn't Pan Out

The worst complaints to the **Massachusetts Attorney General's Office** last year involved fraudulent investment opportunities, most targeting senior citizens. In one case, an elderly man responded to an offer for a "once in a lifetime" chance to invest in the emerging gold market in Ghana. At first, he balked when he was asked for \$25,000. But a few weeks later the individual who solicited him called back, claiming that he was in Ghana and had purchased the gold. He said he needed help transferring the gold back to the U.S and offered the consumer a share of the profits if he would wire \$17,000 to a bank in Ghana to cover expenses. Despite warnings from his bank that the offer didn't seem legitimate, he sent the money. After that, he was asked for additional payments, \$26,118 in all. Needless to say, no gold ever materialized. The man stopped sending money when his bank finally convinced him that it was a scam.

There are many variations of "foreign money offers" but they're all the same in one respect: these deals are never legitimate. The only person who profits is the scammer, who simply pockets your money. And once you're on the hook, the crook will ask for more money until you have none left. It's also important to know that if you send money to someone in another country who turns out to be a fraudster, you'll probably never be able to get it back. Don't take the bait. The National Consumers League's Fraud Center provides good descriptions of common scams at www.fraud.org.

Fuel

Customers Left Out in the Cold

Business closings were the fastest-growing complaints at the **Connecticut Department of Consumer Protection** last year and the worst of those involved an oil company that filed for bankruptcy, leaving more than 500 customers without the fuel for which they had prepaid. Customers who had paid by credit card were advised to dispute the charges, but the rest were out of luck. The average loss was \$2,500. To better protect consumers, the agency initiated legislation that would have required fuel companies that offer prepaid plans to obtain bonds equal to 80 percent of the contracts they sold. That bill was defeated by the industry. However, legislation did pass that prohibits heating fuel dealers from offering any prepaid guaranteed price plans to consumers between November 1 and March 31.

Even well-established businesses can close without warning. The safest way to prepay for fuel or other goods or services that will be delivered at a future date is by credit card, because federal law gives you the right to dispute the charges if you don't get what you paid for.

Health Products/Services

Hair Today, Money Gone Tomorrow

A Virginia couple financed six laser hair removal treatments for their daughter. After two sessions, the treatment center began to make excuses for why the remaining treatments could not be scheduled. When the **Fairfax County Department of Cable and Consumer Services** investigated, it discovered that the business was on shaky financial ground and that the esthetician's license had expired long before the daughter's treatments began. Ultimately the agency obtained a refund of \$1,353 for the couple from the finance company.

Before arranging for hair removal treatments, ask your state or local consumer protection agency if the business or practitioner must be licensed or registered and, if so, check on whether the requirements

have been met. Your safety, as well as your money, may be in jeopardy if you do business with a health service provider that is not properly trained or does not follow the rules.

Home Improvement/Construction

New Home Nightmares

The **Howard County Office of Consumer Affairs** in Maryland saw a 400 percent rise in complaints about home construction last year, primarily due to structural defects that caused walls and ceilings to crack in a new housing development. Working with county inspectors and the builder's engineers, the consumer agency monitored repairs to the homes, which included reframing bulkheads to reduce or eliminate seasonal movement and fixing the cosmetic problems, to ensure that they were done as promised.

Complaints about new home construction also rose steeply at the **Montgomery County Office of Consumer Protection** in Maryland last year. In one case involving several houses, the builder installed defective windows which leaked, causing extensive water damage. The window supplier was defunct, but the consumer agency was able to get the builder to agree to pay for some of the repair costs and negotiated a discounted price with another contractor to make the repairs. On average, the value to each of the homeowners was more than \$5,500.

New home defects can be expensive to repair and dangerous to ignore. Contact your builder immediately if you suspect that there may be structural problems and if they're not resolved, ask your local building inspector and state or local consumer protection agency for help.

Roofing Rip-Offs

An elderly Ohio woman had storm damage to her roof and hired a contractor who was going door-to-door in the neighborhood to fix it. She made a \$3,600 down payment and that was the last she saw of the man. After three months with no work and no communication, the woman contacted the **Summit County Office of Consumer Affairs**. Unfortunately, the contractor could not be located; letters to his address were returned and his phone number was disconnected. Apparently, he moved out of the rental property where he was staying shortly after taking the woman's money.

While that case could not be resolved, a similar situation in Florida ended on a happier note. An older couple paid an itinerant contractor \$3,000 to replace their roof. He took the old roof off and then disappeared, leaving a considerable amount of damage behind. Because he used a false identity, it was impossible for the **Orange County Consumer Fraud Unit** to trace him. A few months later, he was apprehended in New Jersey for doing the same thing. Because the offense in Florida was a misdemeanor, he couldn't be extradited back to Florida. But after a local television station aired the story, a local roofing company offered to replace the couple's roof for free.

An even more egregious example was provided by the **Pinellas County Department of Justice and Consumer Services**. A contractor knocked on the door of a 92 year old woman, falsely stating that another contractor had used his company's materials on her roof and he wanted to inspect it. He told her that the roof was leaking and needed immediate repairs. Though she wasn't aware of any leaks, the woman was concerned and agreed to pay \$12,281 for the work. The next day he was back and convinced her to agree to nearly \$8,000 more for sealants, patch work, and other repairs, which was charged to her credit card without her permission. She canceled that transaction and closed the account, obtaining a new card. The contractor persisted, however, and persuaded her to pay for the additional work. Of the little work that was actually done, most of it was unnecessary or extremely overpriced. Though she declined to prosecute, 14 other complaints against the contractor were identified throughout the state, resulting in revocation of his license, fines, and three years of probation.

Before choosing a contractor, get at least a few estimates and references. If it's an emergency and you don't have time to do that, at least ask your state or local consumer protection agency if there are any licensing or registration requirements that apply and check to confirm that the contractor has met them. These requirements are meant to ensure that the work is done properly and that the contractor can be located if there are any problems. If someone comes to your house uninvited offering driveway paving, house painting or any other home improvement work, it's probably a scam. Legitimate contractors don't go door-to-door looking for work. Get the person's license plate number and call your local police.

Contractor Leaves Destruction in His Wake

Three New Jersey families gave a contractor large down payments to replace driveways, walkways, patios or pool areas. He proceeded to completely destroy their properties, tearing up trees, neighbors' fences, and other areas that weren't supposed to be touched. The **Union County Division of Weights and Measures/Consumer Affairs** discovered that he wasn't registered to do home improvement work in the state, he had an arrest record in New York for theft by deception, and he had several different business addresses. After he moved out of the home in which he was living in the middle of the night, the agency worked with the police and a private investigator hired by one of the homeowners to track him down. The matter is now in the hand of the county prosecutor.

Some states limit the percentage of the total price that the contractor can request upfront; ask your state or local consumer protection agency.

Picked the Wrong Painter

Some states require contractors to obtain bonds or pay into guaranty funds to cover consumers' claims if there are problems with work that can't be resolved between the parties. The **Massachusetts Office of Consumer Affairs and Business Regulation** oversees the guaranty fund in that state. In a frustrating case last year, a man contracted to have his house painted and paid a deposit of \$3,700. The work was begun but never completed, so the homeowner went to small claims court, where he was awarded double damages, court costs and interest totaling more than \$11,000. When the contractor didn't pay, the homeowner applied to the guaranty fund. Therein lay an issue; the contractor had two corporations, one registered with the state to do home improvement work, the other not registered to do so. Unfortunately, the homeowner contracted with the unregistered corporation, and since the guaranty fund only covers transactions with registered contractors, his request for reimbursement was denied.

One important reason to only do business with contractors that follow the legal requirements in your state is that if something goes wrong, you may have a better chance of resolving the problem. For instance, if there is bonding or a guaranty fund, it might only apply if your contractor has met the licensing or registration requirements.

Mondo Condo Problems

One of the worst complaints that the **Delaware Department of Justice** received last year was about a builder who took deposits ranging from \$5,000-\$20,000 from consumers for condominiums in a new development. He ran into financial difficulties with other parts of his company and never started the work, but failed to return the deposits. Accusing him of misappropriating the funds, the consumer agency sued and secured a \$972,000 judgment and a cease and desist order against him.

If you are buying a home, condominium, or vacation home that hasn't been built yet, consult with an attorney about whether a performance bond or other protections can be built into the sales agreement.

Buyer's Remorse

A New Jersey couple ordered a prefabricated modular home, but after signing the contract and making a

substantial down payment, they had reservations about some of upgrades and add-ons to which they'd agreed. Their first scheduled payment was due but they were reluctant to make it until the company agreed to discuss their misgivings. The company insisted on the payment first, so the couple brought the stand-off to the **Gloucester County Office of Consumer Affairs, Weights and Measures**. The consumer agency advised them that they risked losing their \$13,000 deposit if they reneged on the deal. The couple then spent \$3,000 for an attorney, who told them the same thing.

Having a home built is a major investment. Don't be rushed or pressured into adding features that you can't afford. Make sure you understand the terms and the cost, and if you need advice, show the contract to an attorney before you sign on the dotted line.

Pay as You Go

The biggest single savings that the **District of Columbia Attorney General's Office** obtained for a consumer last year was in a home improvement case. An elderly man agreed to a \$124,000 contract to have his home completely renovated. When he contacted the consumer agency, nearly a year had elapsed and he had already paid \$91,000, but only the framing had been done. The agency negotiated a work schedule and payment plan to have the work completed.

Payments for home improvement work should be proportionate to the amount of work that has actually been done and the supplies needed to do it. Never ever pay the full amount before the job is done.

The Case of the Shrunken Windows

A man contracted with Lowes to measure and install new windows for his home. When the work was underway, he noticed that the installer was using nearly 3 inches of filler plate for each window, far wider than is the standard practice. The installer first tried to deny that there was a problem but finally said that the manufacturer had made the windows too small. The homeowner contacted Lowes, which sent a representative to assess the situation. That person declared that everything was fine. Refusing to give up, the homeowner demanded that a manager inspect the windows. That person also said that there were no grounds for complaint. Finally, the man called the **Massachusetts Attorney General's Office**, which mediated the replacement of all the windows.

When you contract for home improvement services through a home store, the store is generally responsible for ensuring that the materials and the work are satisfactory. Be aware that if you take the measurements and bring them to the store, however, it will be your problem if they're wrong.

Home Solicitations

No One Home at Magazine Sales Company

Over the last several years, the **Virginia Attorney General's Office** has received more than 50 complaints against a Virginia-based company that sells magazines door-to-door nationwide. Typically the salespeople appeal to consumers' charitable instincts by claiming that they are working to gain sales experience and as a means of staying off the streets and drugs. The company allows three days to cancel but it assesses a \$10 "processing fee" for doing so – a charge that is not allowed by Virginia law and in many other states. The main complaint is that consumers haven't received the magazines and haven't been able to reach the company in that regard because the voice mailbox is always full. The average loss is \$50. There may well be many more unhappy customers, some of whom have complained to other places such as to the Better Business Bureau, and some of whom have never bothered to complain to anyone, having accepted the "hard-knocks" spiel and chalked it up as a contribution to a good cause. Last year the consumer agency filed suit against the company, which has not yet responded.

You don't have to let a salesperson into your home; it's OK to say "I'm not interested" and shut the door. Resist pressure or sob stories designed to sell you something that you don't really need or want.

High Pressure Hosing

The **Tennessee Division of Consumer Affairs** shared a door-to-door sales story from its files concerning the mother of a soldier who died in Iraq. The salesperson played on that to convince her to buy an expensive vacuum cleaner, claiming that he was giving her a special deal as a "Gold Star parent." After hour hours she finally wore down and agreed to buy the vacuum cleaner for \$1,300. She wasn't happy with how it worked, however, and tried to return it, but the company refused. For seven months the consumer agency was in continual contact with the company until it finally agreed to take the vacuum cleaner back and refund most of the woman's money, \$1,063.

To protect consumers from high-pressure sales tactics, federal [law](#) provides the right to cancel purchases for more than \$25 made at home or somewhere else other than the seller's normal place of business. If you are not given notice of that right at the time of the sale, your right to cancel continues. There are some exceptions. You may also have specific cancelation rights under state law; check with your state or local consumer protection agency.

Alarming Sales Tactics

A new problem that the **Hillsborough County Consumer Protection Agency** in Florida began to hear about last year is door-to-door sales for home security systems. Targeting elderly homeowners, these salespeople falsely claim that their companies have bought out the contracts from the consumers' previous security companies and that their systems must be upgraded. Before the consumers realize what is happening, a technician has ripped out their old system and installed a new one. It's only when the consumers begin to receive two bills for monitoring – one from their old company, the other from the new one – that they discover they've been misled. By then, the three-day period to cancel the contracts has elapsed and the companies refuse to rescind them. Florida law requires that for in-home sales over \$25, the salespeople must undergo background checks and obtain permits, which none of these salespeople have done. The companies are typically based out of state, making the complaints more difficult to resolve. Nonetheless, the consumer agency has been able to get refunds and consumers' old security systems restored in many cases.

Ask your state or local consumer protection agency if door-to-door sellers must be licensed or registered; if the answer is yes, when salespeople unexpectedly appear at your door, demand to see proof that they have complied, and report them to the proper authorities if they haven't.

Telemarketing Abuses Abound

High pressure sales are also initiated by phone. An elderly Florida couple got a call from a company offering to check their air conditioning. When the company representatives showed up at the appointed time for the "check up," they convinced the couple to buy \$2,600 worth of new ductwork and a UV light sanitation system. The couple had second thoughts and asked the **Florida Department of Agriculture and Consumer Services** for help in canceling the deal, but the company refused and, because the sale was concluded in the home rather than over the phone, the agency was unable to allege any violation of Florida's telemarketing law, which it helps to enforce. The consumer agency did take administrative action under that law last year against several companies that improperly called consumers to try to sell them home security services. It also noted that Florida consumers are being inundated with "robocall" solicitations for services to reduce credit card debt, but investigations indicate that the calls are coming from overseas, making enforcement difficult. Do-not-call complaints were the fastest growing category of complaints made to the agency in 2013.

The **Vermont Attorney General's Office** also noted that seniors were particularly targeted by fraudulent robocalls for medical alert and other kinds of security services last year. The messages typically said that the services were free or that they were being purchased for the person by a loved one and that all that the consumer needed to do was provide a name, address and credit card number to cover the cost of shipping the device. Those who provided the information were then charged monthly fees.

It's illegal for a salesperson to call if your phone number is on the National Do- Not-Call registry and the caller is not from a company that you have done business with before. It's also illegal for companies to make prerecorded sales calls to you – "robocalls" – unless you agreed in advance, in writing, to receive them. If a company is violating your telemarketing rights, chances are that it's a scam. Legitimate businesses play by the rules. For more information about your telemarketing rights under federal law and how to spot scams, go to www.consumerfed.org/fraud. Some states have their own do-not-call registries and telemarketing rules; check with your state or local consumer protection agency.

Household Goods

Adding Insult to Injury

A Florida man purchased a refrigerator with an extended warranty from a big box hardware store, but it kept on breaking down. During one service call the repair person asked the man if he had been placing the refrigerator on its side, implying that he was to blame for the problems. As the warranty expiration date approached, he became concerned about being stuck with a lemon and appealed to the **Pinellas County Department of Justice and Consumer Services** for help. The agency convinced the store to give him a gift certificate for \$1,400, which he used to buy a replacement refrigerator.

Retailers push extended warranties because they make money from them. Resist pressure to buy one. In most cases, if something goes wrong with a product it will be covered by the manufacturer's warranty and by other rights that you may have under state law to expect that a product will work as it should for a reasonable period of time. To reduce the chances of having trouble with a major appliance, check the reliability ratings from Consumer Reports and other sources before deciding which one to purchase.

Company Plays Hide and Seek With Cost

Smart Industries, LLC, doing business as Techsmart, resells computers and other electronics primarily to military personnel via kiosks located near bases, as well as on the Internet. The fact that the company arranges for financing that enables customers to pay in installments makes it especially attractive to service members who have bad credit or no credit history. The **Georgia Governor's Office of Consumer Protection** alleged that the company represented the prices on many items as the "original prices" when in fact they were at least twice the amount that other retailers would charge for the same merchandise. The markup, according to the consumer agency, was essentially a hidden part of the finance charges. Furthermore, the agency alleged that the company made false claims that buying its products would automatically improve customers' credit scores and that military personnel were entitled to claim an income tax deduction for their purchases. The company and its principal agreed to a settlement that required them to refund more than \$171,000 to Georgia consumers, pay \$25,000 for penalties and investigative fees, and stop doing business in the state.

Avoid companies that use high-pressure sales tactics and promise financing for expensive items such as computers. Shop around, and if you can't afford to pay cash, explore whether a layaway plan is available, or set money aside every week until you have enough saved to make the purchase.

Identity Theft

The Government is NOT Calling

An elderly California woman received a call last year from someone claiming to be from “the government” who wanted to provide her with information about her healthcare options. The woman gave the caller detailed personal information, but later became concerned that she might be a victim of identity theft and contacted the **Los Angeles County Department of Consumer Affairs**. Agency staff helped her check her credit record and place a security freeze on it. She was also advised to monitor her accounts carefully and watch out for bills for transactions she never made or other signs of fraud.

The **Wisconsin Department of Agriculture, Trade and Consumer Protection** received complaints last year from seniors who got calls from individuals claiming to be from Medicare and telling them that their cards needed to be replaced. They said they needed to verify the consumers’ personal information, including their bank account numbers. Sometimes they provided a toll-free number that consumers could use if they had any questions, but that simply linked to an answering service.

Never give your personal information to someone who contacts you unexpectedly asking for it. Look up the phone number for the agency or company that the person claims to represent and call to ask if the request is legitimate. Identity theft can have consequences that victims might not discover until much later. Monitor your credit record by requesting your free annual credit report from the major credit bureaus. Go to www.annualcreditreport.com or call 877-322-8228. In some states, you may have the right to additional free credit reports. If you find any problems on your report, notify the credit bureau immediately. Also review your bank statements carefully. For tips and funny videos about “phishing” and other types of identity theft, go to www.consumerfed.org/idtheft. Consumer Federation of America’s www.IDTheftInfo.org website provides additional information and resources about identity theft.

Club Card Con

Last year the **Ohio Attorney General’s Office** dealt with a number of identity theft complaints involving creditor issues. In one case, a woman discovered that someone outside of her area had obtained a duplicate of her Sam’s Club card, which was tied to a credit account. Over \$70,000 was charged to her account and it took months working with GE Capital Retail Bank and Sam’s Club for agency personnel to get the fraudulent purchases removed.

If you receive bills or spot transactions on your accounts for purchases you never made, don’t ignore them – they may signal that someone is using your personal information fraudulently. You have the [right](#) to dispute unauthorized charges or debits if your card, or your account number, has been stolen, or if crooks have used your personal information to open new accounts.

Insurance

Health Exchange Horror Story

When Maryland’s Health Insurance Exchange website failed to roll-out smoothly last year, the Health Education and Advocacy Unit in the **Maryland Attorney General’s Office** was deluged with complaints from consumers about difficulty enrolling, delays in start dates for coverage, denials of Advanced Premium Tax Credits and other problems. In one example, a couple had worked with a Navigator to enroll but the system would not calculate the amount of tax credits to which they were entitled. After many unsuccessful attempts to resolve the problem, they asked the consumer agency for help. The first strategy, having the couple withdraw their original application and re-file it in the hope that the IT problems had been fixed, didn’t work because it was impossible to remove the old application from the

system. With an end of November deadline looming for the couple, both of whom had significant health problems, to get coverage by the first of the year and avoid having to pay for more expensive insurance, the consumer agency was finally successful in getting them enrolled as of January 1, 2014.

For information about obtaining insurance under the Affordable Care Act go to www.HealthCare.gov or call 800-318-2596, TTY 855-889-4325. There are links from the site to state-operated insurance exchanges. There may still be some glitches in the systems, but don't despair. If you encounter a problem, your state or local consumer protection agency may be able to help or point you to another agency that can.

Unfair Interpretation of Interruption

A Boston restaurant suffered significant damage as a result of the marathon bombings last year and the subsequent law enforcement action, which closed the area to pedestrian and automobile traffic at various times over the course of several days. Although the restaurant's insurance policy included "business interruption" coverage, it only kicked in after the business was unable to function for more than 24 hours. The insurance company initially interpreted each time the restaurant had to close as a separate event and applied the 24 hour waiting period to each. The **Massachusetts Office of Consumer Affairs and Business Regulation**, which regulates insurers, declared that the events of that week must be treated as a single event and helped the restaurant owner recover an additional \$8,000 in payments.

For questions about your insurance rights contact your [state insurance department](#).

Internet Sales

Pirated Pictures

The fastest-growing complaints to the **Kansas Attorney General's Office** last year were about Internet sales. In one major case, the agency worked with eBay to shut down the account of a person who was using pictures of farm-related items and vehicles that he pirated from other websites and to pretend to offer them for sale on the auction site. He repeatedly created new user names to continue perpetrating the fraud, but he was finally shut down, saving consumers potential losses of more than \$1 million.

It's impossible to know for sure whether someone who is offering an item for sale in an online auction actually has it. If you're considering bidding for an expensive item, check the seller's feedback rating, if one is provided, and look for information about any buyer protection that the auction site may offer.

Bad Bar Code

A Florida man paid an online ticket reseller more than \$460 for two tickets to a Jay-Z concert. But when he and his date arrived at the venue, the tickets would not scan as valid and he ended up buying two more tickets to get in. Though the seller insisted that the tickets were valid, the **Broward County Permitting, Licensing and Consumer Protection Division** got a refund for the consumer.

If possible, buy events tickets directly from the venue or concert promoter so you can be sure they're legitimate. The Federal Trade Commission provides [advice](#) on how to avoid ticket resale scams. You may also want to check with your state or local consumer protection agency on whether there are any state requirements or restrictions for ticket resales.

Sleepless Situation

In 2002 an elderly, bedridden woman bought an adjustable bed online. Last year, she contacted the company to inquire about a new mattress and was sold a firmer "flip top mattress." After one sleepless night she contacted the company to complain that the mattress was very uncomfortable and was told to

try flipping it over to the other side. That did not resolve the discomfort, so she asked for a replacement or a refund. The company refused. She found another company online and bought a second mattress, which also proved to be painful to sleep on, and that company also refused to take it back. At this point, she was desperate and sleeping in a recliner chair. She contacted the **District of Columbia Attorney General's Office**, which negotiated a refund for the first mattress and a replacement for the second one.

Some items are best tried in a store before you buy them, especially furniture where comfort may be an important consideration. Don't assume that you can return furniture or other merchandise you buy online – there is no automatic three-day cancellation right, and you are usually bound by the seller's stated return policy unless there was a misrepresentation or the item is defective.

Not the Real Registry

The **Massachusetts Attorney General's Office** encountered a new problem last year, a website that closely resembled the state Registry of Motor Vehicles site. More than 130 consumers complained that they were duped into going to the privately owned website, which was the top search result when they looked for the official government agency to renew their licenses or conduct other business. In a typical complaint, a woman and her mother-in-law went to the site to renew their licenses, providing all of the required personal information, including their credit card numbers. After hitting "submit," they received confirmation of their order, which turned out to be for an e-pamphlet on how to renew one's license with the state. The charge for this advice, which is free on the registry's site, was \$14. There was no contact information for the website operator and emails went unanswered. The women disputed the charges with their credit card issuers, who responded that since the merchant provided the service it was entitled to payment. The **Consumer Assistance Office – Metro West**, working in cooperation with the Attorney General's Office, got the money back for all of the complainants, and the website operator agreed to provide clear disclosures throughout the site that it is not owned or operated by the registry or any other government agency and that the services provided are strictly informational.

Sometimes an online search or mistyping an Internet address will take you to a website that looks similar to the one you're looking for but isn't. Look at websites carefully before entering any personal information, and if you suspect that a site is phony or is trying to fool you into believing that it's the government or something else, report it to your state or local consumer protection agency.

Investments

Stock Swindle

A Florida man was contacted by a company that offered to set up a stock trading account for him. He gave the company \$1,000 and was told that the account would be opened for him the following day. It was never opened, however. When the **Hillsborough County Consumer Protection Agency** contacted the company, it claimed that the man had actually paid for a webinar, which normally cost \$2,500. But it agreed to refund the money immediately.

Interested in investing in stocks? Do your homework first. The U.S. Securities and Exchange Commission offers [advice](#) on how to pick a brokerage firm and other information you need to make wise investment decisions and protect yourself from fraud.

Landlord/Tenant

Can't We All Just Get Along?

A Maryland family rented a condominium from the owner and moved some of their possessions in

before actually moving in themselves. In the interim, a leak in an adjacent unit caused significant damage to the condo. Once the tenants became aware of the problem, they told the landlord, but she contended that they were responsible because they hadn't notified her in a "timely fashion" and forbade them from cooperating with the condo association to get repairs made. Tensions worsened when the landlord told the tenants that they had breached their lease obligations by not telling her that they were going to be absent from the unit for several weeks and accused them of causing other damage. The 38-page lease, which the landlord (a law student), wrote was full of complex legalese and questionable clauses. When the tenants disputed her damage claims, she demanded that they leave *and* pay the rent for the rest of the lease term. Though they did not feel that there were grounds to evict them, the tenants realized that they would never get along with the landlord and moved, without paying the rest of the rent. The **Howard County Office of Consumer Affairs** provided advice to the tenants but was unable to mediate the matter, and now the parties are suing each other in court.

Bad Dream

In another condo rental horror story, a Florida couple and their son moved into a beautiful unit in a prestigious waterfront gated community. But their dream home soon turned into a nightmare. There were several maintenance issues which the owner, a property management company, was slow to fix. Then heavy rains came and the tile roof over the son's bedroom leaked, causing water damage to his belongings and a mold problem. The couple notified the landlord, but roof repairs were the responsibility of the condominium association and delays ensued. Frustrated, the couple filed a claim with their own insurance company for damage to their property but it was denied when the adjuster learned that there had been problems with the roof before. The wife had a legal services benefit through her employer and the service sent letters to the owner demanding that the repairs be made and compensation for the damages. The couple also stopped paying the rent and put it in an escrow account. The owner hired an attorney and threatened them with eviction. It looked like they were all headed to court. But the couple filed a complaint with the **Hillsborough County Consumer Protection Agency** and after many weeks of investigation and mediation between the parties, an agreement was reached. The owner released the tenants from the rest of their two-year lease and accepted the security deposit and one month's rent as full payment for the outstanding rent. The money that the tenants saved in rent was enough to compensate them for the damage, and they moved out.

More Mold

Problems with mold were cited by many agencies as becoming a more frequent subject of landlord/tenant complaints. A single mother with an infant and a toddler complained to the **South Carolina Department of Consumer Affairs** that mold from a leaky ceiling was causing sinus and other health issues for her children. The landlord insisted that the problem was fixed, though it was not, so the tenants had to move.

Many states require landlords to ensure that their rental property meets specific safety and health standards. If you call your landlord about a problem, you may want to follow up with a letter and keep a copy so you'll have a record. The time limits for landlords to make repairs sometimes depend on the seriousness of the problems; your state or local consumer protection agency can give you information about your rights and how to enforce them if the landlord doesn't cooperate.

Rooming Runaround

At the **Fairfax County Department of Cable and Consumer Services** in Virginia, the fastest growing complaint category continues to be landlord/tenant, especially complaints about homeowners renting out rooms in their houses. In one complaint, the problem was complicated by the fact that a tenant who

rented the basement of a house then sublet one of the rooms. The person who rented the room wanted to break the sublease because of constant flooding in the basement and get the balance of his last rent payment and his security deposit back. The landlord said that he had no legal obligation to the person because the tenant did not have the right to sublet the room to him. Through the consumer agency's mediation efforts, the tenant agreed to terminate the sublease and refund the person's money.

Thinking about renting out a room in your house? Or subletting a room in your apartment? Do your homework first. Get information from your state or local consumer protection agency about the laws and regulations that may apply to you in that situation.

Holding Hassle Resolved

A woman applied to rent an apartment that was undergoing renovations. The landlord told her it would be ready in a few weeks and charged her a "holding fee." Three weeks went by and the apartment still wasn't ready, so the woman asked for her money back. When the landlord refused, the woman made a complaint to the **Maryland Attorney General's Office**. Since it's not legal to charge a holding fee in the state and the landlord had suffered no loss – the apartment wasn't ready for anyone to live in so holding it for the woman did not prevent him from renting it to someone else – the agency convinced him to give the money back. Furthermore, he agreed to stop collecting holding fees and to reduce the application fees that he charged, which were more than the state allows.

Unsure of your rights as a tenant, or your obligations as a landlord? Get the information from your state or local consumer protection agency.

Retail Sales

Thar She Blows

A Florida consumer bought two used tires for \$100 in cash. Shortly thereafter, the tires "blew up" while the car was being driven. The tire shop contended that there was no paper work showing how much the consumer paid, but the **Broward County Permitting, Licensing and Consumer Protection Division** was able to secure a full refund.

Be sure to get receipts for major purchases and keep them in case something goes wrong later so you can document the date of the sale and the amount of money you paid.

Shed Dilemma Solved

Nineteen customers complained to the **Connecticut Department of Consumer Protection** when a company from whom they bought sheds suddenly closed its doors without delivering the merchandise. The owner had been dealing with stiff competition as well as a series of unfortunate family events. Agency investigators worked with him to confirm which customers were due refunds and were ultimately able to get a total of \$33,000 back for them.

Businesses can close without warning. When you buy merchandise that will be delivered at a future date, pay with a credit card so you can dispute the charges if you don't receive it. Keep order forms, layaway agreements and other documents about the transaction in case there is a problem later.

Lemon Laptop

Fed up with a laptop computer that had been repaired four times and the store's refusal to replace it, a Virginia woman asked the **Fairfax County Department of Cable and Consumer Services** to intercede. Pointing to company's "no lemon" warranty, which promised a replacement if the laptop could not be repaired, the consumer agency persuaded the store to give woman a new laptop and a \$50 gift card.

You don't have to put up with defective merchandise. In addition to the warranty that may come with the item, you may also have rights under state law to insist on a replacement or refund if the problem can't be fixed. Check with your state or local consumer protection agency.

Stopping Synthetic Drug Sales

The **Ohio Attorney General's Office** dealt with a new problem last year, illegal sales of synthetic marijuana. The agency instituted a crackdown, bringing 14 actions against individuals and businesses on the basis that marketing and selling a product that contains illegal substances as a legal product violates the state's consumer protection laws. It worked with other law enforcement agencies to build cases under the Ohio Consumer Sales Practices Act as well as Ohio's public nuisance laws. As a result of, the state obtained permanent injunctions against businesses and their owners to stop selling the products and recovered funds to use for drug-related education and enforcement.

Using products that contain illegal substances may be very dangerous to your health.

Schools

Lesson Learned

For-profit schools have become a major focus of concern for many state and local consumer protection agencies. Last year the **Massachusetts Attorney General's Office** sued Sullivan & Cogliano Training Centers, Inc., for deceptive advertising. The school's website provided misleading statistics for students' employment rates after completing the programs. For instance, the school claimed that the job placement rate in the medical field was 70-100 percent, but that was the rate for finding employment in big box stores and fast food restaurants; medical job placement was actually less than 25 percent. In addition, the school failed to disclose in its ads that courses were self-taught. Students did not realize that until classes began that they would be teaching themselves using manuals, books and computers. The school also advertised programs that it did not provide, such as "medical assistant," and misled students about aspects of its medical office training, such as the cost of certification tests, the number of internship opportunities offered, and the time required to complete the programs. Students paid approximately \$14,000 in the form of federal loans, and most had little to show for it. The school signed a consent judgment and provided refunds totaling \$425,000. It also agreed to change its advertising, make accurate disclosures, and provide internships to students whose programs required them.

Before you sign up with a career training school, ask the department of education in your state if there are any licensing or accreditation requirements and whether the school has complied with them. You may also be able to find out if it has received complaints about the school. The Federal Trade Commission offers [tips](#) on what to look for and what to avoid to make sure you get the education you paid for.

Services

Tax Trickery

Complaints to the **Wisconsin Department of Agriculture, Trade and Consumer Protection** about All Star Tax Service led the state to sue its owner, Nicholas S. Wallace, for violating lending and consumer protection laws, including operating an unlicensed consumer lending business, failing to provide proper documentation and disclosures relating to the loans, and making misrepresentations to consumers through advertisements and in person. The judgment bars him from collecting on loans he made to 200 individuals and requires him to base customers' tax returns in the future on W-2 forms and other required data, rather than paystubs. He is also prohibited from deducting any fees from customers' tax refunds; those refunds must be sent directly to the customers, not to him.

When you are considering using a tax preparation service, ask how the fees are calculated. Don't use services that base their fees on a percentage of your refund or that claim that they can obtain larger refunds than others can. If you're entitled to a refund, it should go directly to you, not into the tax preparer's bank account. Avoid offers of loans on tax refunds that charge exorbitant interest rates.

Traumatic Trim

The worst complaint to the **Bucks County Consumer Protection, Weights and Measures Office** in Pennsylvania last year was against a pet grooming business. The consumer said that after his poodle's coat was clipped, the animal was shaking and exhibiting anxious behavior. He took it to a vet, who found that the dog was suffering from back pain and that there were also signs of razor burn in the area of its private parts. The vet prescribed pain medication, steroids and an antidepressant. The consumer's claim for reimbursement for the medical expenses is still being mediated. Meanwhile, he is meeting with legislators and animal rights activists to push for more stringent requirements for pet groomers.

If you think that your pet has been harmed by a grooming, boarding or other type of animal service, have the animal examined by a veterinarian as soon as possible. If you are unable to resolve the matter with the service, contact your state or local consumer protection agency. You may also want to notify the local health or licensing authorities if you think there may be a safety issue.

Shipping Skulduggery

At the **Los Angeles County Department of Consumer Affairs** in California, the fastest-growing complaints were about shipping services, and one company accounted for the majority of them. Consumers paid to ship household goods to family members in Central or South America, but the packages never arrived. They were given various excuses – customs and border officials had detained the loads, or the goods had been lost. In one case involving multiple consumers, the consumer agency found that the packages had never been shipped and were sitting in a warehouse. The consumers were able to retrieve them, and the company is under investigation by local and foreign law enforcement.

Ask friends and family members who have had good experiences with shipping what companies they used. Keep your receipts for the shipping along with a list of all of the items and their value in case something is lost or damaged. If you suspect a shipping scam, report it to your state or local consumer protection agency.

Costly Con

The worst complaint to the **Montgomery County Office of Consumer Protection** in Maryland last year involved an 80 year-old woman who was both blind and hearing impaired. Three men knocked on the woman's door and told her that they were done trimming branches and patching her driveway, and demanded \$2,000. When she asked who had authorized the work, they told her it was her nephew, who lived a few houses down the street. Because they knew the nephew's name and used a business name very similar to a legitimate licensed tree service, she trusted them; in fact, since she couldn't see to write the check, she gave her checkbook to one of the men to write it. It turned out that they knew her nephew's name because they had spoken to him a few months earlier about a used truck that he had for sale in his yard. During that conversation, he mentioned that his aunt needed some branches removed, but he never authorized the work or agreed to the \$2,000 price, which was an outrageous amount for the job. The consumer agency helped to obtain an arrest warrant and worked with the Forestry Department, the local police, and the State's Attorney to get full restitution for the victim.

Before you agree to pay for services such as tree trimming, get at least a few estimates. Also ask your state or local consumer protection agency if there are any licensing or registration requirements for that

type of work, and check to confirm that the service has complied.

Dubious Discount

At the **Fairfax County Department of Cable and Consumer Services** in Virginia, the worst complaint of 2013 was from a consumer who purchased a \$49 Groupon coupon to have the air ducts in her house cleaned and ended up agreeing to pay \$315 more to the company for additional services, which were not performed satisfactorily. The consumer agency's investigation revealed that the air duct cleaning service subcontracted the work to a company that had previously entered into a settlement with the **Montgomery County Office of Consumer Protection** in Maryland for various infractions. The Virginia agency got the woman's \$315 back and the Maryland agency obtained a refund for her for the \$49.

When services are offered for a very low price, ask yourself "Why?" It could be just a come-on. Once the company gets its foot in the door, it may claim that your job will cost more for some reason or try to sell you additional services. Don't be pressured into paying more than you bargained for.

Travel

Finally, Happiness in the Skies

When Frontier Airlines decided to drastically cut its flights from the Mitchell International Airport in Milwaukee, a deal was offered to its Wisconsin customers to transfer their unused frequent flyer miles to Delta Air Lines. More than 61,000 customers successfully transferred their miles by the deadline, but several hundred who had completed all of the necessary steps by that time never got their conversion. When consumers complained to the airlines, they were told to wait a few more weeks for the miles to show up. Then they were told that it was too late, the promotion was over. The **Wisconsin Department of Agriculture, Trade and Consumer Protection** stepped in and helped consumers transfer more than 187,800,000 miles, collectively, from their Frontier accounts to Delta.

A company can be held to its promises even when the offer is made as a "goodwill gesture." If you fulfilled all the requirements for the offer and don't get what you were promised, contact your state or local consumer protection agency.

Trip to Nowhere

The worst complaint to the **Cambridge Consumers' Council** in Massachusetts last year involved 47 consumers who were left in the lurch when a travel company, European Institute, closed its doors. They paid for expensive trips, in the range of \$5,000 to \$8,000, but never received their final itineraries. The company's assets were transferred to an assignee for the benefit of its creditors. Though the money that consumers paid for these trips appeared to be gone, the assignee is approaching other travel companies to try to arrange for "replacement trips" for the consumers at no additional cost.

The safest way to pay for travel services is by credit card because you can dispute the charges if the trip was never provided or the transportation or accommodations were significantly inferior to what you were led to expect.

Utilities

The Perils of Autopay

A New Jersey woman signed up to pay her monthly cable bill automatically from her checking account. Just before Christmas, her bank mistakenly entered the work order number for the payment, 9872, as the amount that was to be paid. So \$9,872 went out of her bank account and to the cable company. The cable company said that it would take 14 days to transfer the money back to her bank. In the meantime,

checks were bouncing and bills for Christmas purchases were coming due. She asked the **Gloucester County Office of Consumer Affairs, Weights and Measures** for help. The agency got all parties on the phone, sorted out the problem, and the money was returned in a few days. The bank agreed to forgo the bounced check charges, and everyone was happy.

An elderly Massachusetts man switched his cable service from one provider to another back in 2008. He opted for automatic bill paying from his checking account. Sometime later that year he canceled the service but didn't notify his bank. The cable operator continued to accept the payments every month, even though there was no active account. Over five years the man paid about \$9,000 to the cable company for service that was never provided. When he finally realized what happened, he contacted the company, but it only offered him a credit of \$700, contending that he owed money for the equipment he'd had for five years and hadn't returned to them. The Department of Telecommunications and Cable, an agency under the **Massachusetts Office of Consumer Affairs and Business Regulation**, obtained a refund for him of \$8,998.

The benefit of autopay is that you don't have to think about your bill payments, but that's the danger, too. Always look at your bill before the payment will be made to ensure that there aren't any mistakes or unauthorized charges. Contact the company, and your financial institution, immediately if there is a problem. If you cancel a service for which you have autopay, be sure to let the financial institution know.

Go Away, Please!

The **Massachusetts Attorney General's Office** received scores of complaints last year about energy companies using aggressive sales tactics to get consumers to switch their service. In one example, the salesman falsely claimed to have been sent by the homeowner's current electricity supplier to check his bill in order to be sure he was getting the lowest possible rate. Sensing that something wasn't right, the homeowner asked the salesman to leave. He did, but he came back several more times despite being asked not to return. The **Bucks County Consumer Protection, Weights and Measures Office** in Pennsylvania also reported many complaints about energy sales last year and is working to educate consumers about how to shop for suppliers.

With the option to choose your electricity supplier, you can shop around for the best deal. But beware of misleading sales tactics and be sure to read the fine print. Some suppliers offer fixed rates, others may have variable rates that could start out low but increase dramatically because of weather or other factors. If a salesperson claims to represent your current supplier, check with the company to confirm. You can get more advice about shopping for electricity from your state [public utilities department](#).

Consumer Agencies' Biggest Achievements in 2013

State and local agencies were asked to describe their biggest achievements during the survey period. These could be major enforcement actions and initiatives, new websites or other efforts to reach consumers and businesses with educational information, improved internal systems, new laws or regulations, or other significant achievements. Some agencies responded that their biggest achievement last year was simply continuing to provide excellent customer service despite staff shortages and other resource limitations. Here are brief descriptions of other major achievements that agencies described.

Enforcement

- The **Bucks County Consumer Protection, Weights and Measures Office** in Pennsylvania was able to resolve numerous complaints against a furniture restoration business that had changed hands and was no longer completing work in a timely fashion. The agency arranged for consumers to get their furniture back, and if the work had not been done, their deposits were refunded. The savings/recovery for consumers exceeded \$10,000.
- The judgment in the condominium case described on page was the biggest achievement for the **Delaware Department of Justice** last year.
- The **District of Columbia Attorney General's Office** obtained a settlement with the online social networking website Classmates.com. The company sent email solicitations to consumers falsely claiming that people they knew were trying to reach them through the site and failed to make clear that their memberships would automatically renew unless they took action to terminate them. It also allowed other companies to market through the site without clearly disclosing that those solicitations were not from Classmates.com. The company agreed to remedy all of the problems.
- When Fairfax County in Virginia raises the meter rates for taxis, it falls to the **Fairfax County Department of Cable and Consumer Services** to inspect all the meters within 30 days to validate that they are set to charge the correct amount. The last time the rates changed, the agency scheduled employees to step away from their other duties in four hour shifts to do meter inspections. Within 17 business days, 616 meters were inspected.
- The **Gloucester County Office of Consumer Affairs, Weights and Measures** in New Jersey has continued to use its recently enacted powers to bring businesses to court for violating state consumer protection law as leverage to settle serious complaints.
- The **Georgia Governor's Office of Consumer Protection** reached a \$600,000 settlement with Internet service provider Windstream Communications, Inc. to resolve allegations that the company advertised Internet speeds that it could not provide or guarantee, especially for consumers whose network is supported by copper wires; misled consumers about whether or when their complaints about slow speeds could be resolved; falsely represented that it's "Lifetime Price Guarantee" bundle included Internet speeds up to 12 Mbps; and advertised free Hulu Plus service for six months without making clear that consumers would be charged after that unless they took steps to cancel.
- The **Maryland Attorney General's Office** took action to protect consumers' privacy last year, including joining a multistate suit against Google concerning its online tracking of individuals, as well as settling with a doctor and a large retail pharmacy that had improperly disposed of patient records, leaving them vulnerable to identity theft.

- The **North Dakota Attorney General's Office** joined forces with the U.S. Attorney's Office, the Postal Inspection Service, the Department of Homeland Security, the FBI, and local law enforcement to form a task force on telemarketing scams. The consumer agency acted as the gathering point for intelligence about the names, telephone numbers, and addresses used by scammers and other information that is useful to investigators. In addition, media reports about the task force have raised public awareness of telemarketing fraud and spurred more consumers to contact agencies with information about scams.
- Ocean County, New Jersey was Ground Zero for Superstorm Sandy, and one of the biggest concerns in the aftermath of hurricanes, floods, earthquakes, wildfires and other natural disasters is that contractors from far and wide, some of them scurrilous, will swarm to the area to offer home repairs. The **Ocean County Department of Consumer Affairs, Weights and Measures** has been dealing with contractor problems aggressively, participating with other agencies in fraud investigations that have resulted in numerous indictments and arrests, and checking the credentials of contractors to ensure that they are properly registered. The need for vigilance continues, as repair work is still being done and new FEMA regulations institute specific requirements such as raising homes.
- To target consumer fraud of a criminal nature, the **Ohio Attorney General's Office's** Economic Crimes Unit assisted local law enforcement and prosecutors in identifying, investigating and bringing cases, and one of the unit's largest indictments last year centered on the "Circleville 7," a group of friends and relatives that stole hundreds of thousands of dollars from elderly consumers for home improvement work they never performed. Some of these individuals had been previously indicted for the same kinds of scams and gone to prison, but after being released they went back to their old ways. So far in the new cases the unit has secured guilty pleas from six defendants.
- Successfully prosecuting the individuals behind the "Chinese blessing scam" (see page 16) was the biggest achievement for the **San Francisco District Attorney's Office Consumer Protection Unit** last year.
- The **Union County Division of Weights and Measures/Consumer Affairs** in New Jersey started using its ability to assess fines for violations of state consumer protection law. One investor has been inspecting car dealerships, and another has been looking at the contacts for home improvement work to ensure that the legal requirements are being met. The agency levied fines totaling \$30,000 last year.
- An investigation by the **Wisconsin Department of Agriculture, Trade and Consumer Protection** led to criminal charges against five employees of Thor Corporation, a Georgia-based company that sent consumers postcards offering free vacations anywhere in the U.S. The catch was that consumers had to endure a 90-minute sales presentation for travel club memberships. The postcard mentioned the names of well-known airlines and hotels, which had no affiliation with the company or the promotion. The defendants were accused of identity theft for the use of those companies' names and violations of prize notice requirements.

Internal Improvements

- A concerted effort to fill all of its volunteer positions greatly improved the ability of the **Consumer Assistance Council** on Cape Cod in Massachusetts to mediate complaints in a timely fashion.

- The **Orange County Consumer Fraud Unit** in Florida now offers consumers the ability to file complaints online.
- The **South Carolina Department of Consumer Affairs** completed work on an Online Complaint Filing System that enables consumers to create accounts for their complaints and track their status, and allows businesses to respond to them electronically. The system also has a public aspect that lets consumers, the media and others who are interested to search for complaints on businesses. An added benefit is that the system saves the agency money on overhead.

Legislation

- Last year the **Florida Department of Agriculture and Consumer Services** helped to get legislation passed that modernized the laws that are under the purview of its Consumer Services Division. Among the improvements was requiring charities not to call consumers again after they have been asked to stop calling; adding a provision to make illegal to make untrue, deceptive or misleading representations in telemarketing calls; requiring telemarketing to have bonds; and amending the definition of alternative fuels so the department has clear authority to adopt standards to cover new and emerging blends.
- The **Kansas Attorney General's Office** has a new Roofing Registration Unit thanks to legislation that was enacted last year requiring all roofers to register with the state. The unit created a smooth, transparent registration process and so far has done background checks on and registered more than 900 roofing contractors.
- Both the **Maryland Attorney General's Office** and the **Wisconsin Department of Agriculture, Trade and Consumer Protection** cited new laws that were enacted in their states last year to provide more protection for children against identity theft.

Outreach to Consumers and Businesses

- The annual "shredding day" organized by the **Cambridge' Consumers Council** in Massachusetts last year to teach consumers about identity theft and encourage them to dispose of personal information safely had the biggest participation ever.
- For National Consumer Protection Week, the **Connecticut Department of Consumer Protection** rolled out a new website, www.Smartconsumer.ct.gov. It organizes information by age groups so that it is relevant to consumers at that particular stage in their lives. Each subject includes "what to know" and "what to do" to help consumers take the appropriate action.
- Since the **Cuyahoga County Department of Consumer Affairs** in Ohio is newly created, its biggest achievements last year were completing price accuracy sweeps such as its "Back to School Blitz" where 3,450 individual school products were checked at 138 stores with a near perfect 99 percent compliance rate, and raising awareness about tax scams through the County's "Fighting Tax Predators" initiative.
- Despite the lingering effects of the recession on its budget, the **Hillsborough County Consumer Protection Agency** in Florida was able to increase its media and outreach events last year to nearly pre-recession levels.
- The **Howard County Office of Consumer Affairs** in Maryland held an identity theft forum last year with a panel of experts from the Federal Trade Commission, AARP, the Maryland Consumer Rights Coalition, and the Howard County Police Department. More than 70 people attended to

learn about how ID theft works, the tactics that are used to target specific groups such as children and seniors, how to protect themselves, and what to do if they become victims. Of particular interest was information about how the state's credit freeze law can be used by parents to protect their children.

- Last year the **Los Angeles Department of Consumer Affairs** in California expanded its homeowner notification program to provide counseling, information, and assistance to victims of real estate fraud and foreclosure. The program is funded by a small recording fee on filings for default and sale.
- To combat deceptive practices used by some for-profit schools, the **Massachusetts Attorney General's Office** took a multifaceted approach, which included enforcement (see page 30), proposing amendments to existing consumer protection regulations, and educating consumers through its Eliminate D.E.B.T. program, which has provided information to more than 10,000 targeted individuals.
- The **Massachusetts Office of Consumer Affairs and Business Regulation** joined with other state agencies to implement a new law that requires insurance carriers to provide their members with cost information specific to their health plans at various health care providers. The agency held two conferences bringing together industry leaders, regulators, educators, consumer advocates and others to discuss how to effectively communicate information to healthcare consumers about their rights and how to use the cost information. It also encouraged insurance carriers to make the information available to consumers in an easy-to-understand format and put out its own brochures for consumers. The "Empowering Healthcare Consumers" campaign is ongoing.
- The **Consumer Assistance Office – Metro West** in Massachusetts began work to upgrade its website and coordinate it with its Facebook and Twitter accounts to make pre-purchase advice and other information more easily accessible information for consumers.
- The **Montgomery County Office of Consumer Protection** in Maryland launched a new website at www.montgomerycountymd.gov/OCP with enhanced features and increased ease of navigation. Staff customized more than 100 pages to provide greater accessibility to end-users.
- The **Montana Office of Consumer Protection** initiated a "Keep My Montana Home" program to assist consumers with home mortgage problems.
- Scams against immigrants was the worst consumer problem that the **New York State Department of State Division of Consumer Protection** encountered last year, but it was able to greatly expand its outreach to immigrants through its connection to a new state agency, the New York State Office for New Americans. It was set up to assist immigrants to become naturalized citizens and contribute to the state's economy, and it is supported by a network of 27 neighborhood-based Opportunity Centers.
- The **Pinellas County Department of Justice and Consumer Services** in Florida dedicated one staff person full-time to focus on outreach initiatives last year. The agency is implementing a new Financial Literacy program for 4th to 6th graders, and is also in the process of launching social media platforms to reach consumers of all ages with helpful information.
- The **Summit County Office of Consumer Affairs** in Ohio held four foreclosure assistance clinics last year. The clinics enabled more than 100 consumers to meet with their lenders and get help with their mortgage problems.

- The **Vermont Attorney General's Office** placed considerable focus last year on protecting businesses from scams. The office launched a campaign to reach out to businesses and take action against fake invoice scams and other frauds targeting businesses. It also sued a trade show organizer that took money from businesses for an event that was never held and took groundbreaking action against patent trolls who were attempting to extort money from businesses. The agency also sent businesses fraud alerts and has held training sessions for them on how to comply with data security and privacy requirements.

Consumer Agencies' Biggest Challenges in 2013

While budget cuts and limited resources continue to squeeze many state and local consumer protection agencies, they face other challenges as well.

Coping with Budget Cuts and Limited Resources

- When people leave their positions at the **Fairfax County Department of Cable and Consumer Services**, they are not replaced because of budget constraints. Last year the agency lost another position, reducing its staff to six and adding to their already strained workload.
- After years of no raises, the **Georgia Governor's Office of Consumer Protection** will be able to give employees a one percent raise starting this July, but it continues to be a challenge to maintain morale and ask people to do more with less.
- The **Hillsborough County Consumer Protection Agency** in Florida continues to cope with no resources for training or new technologies, and money for supplies and outreach is very limited.
- The **Pinellas County Department of Justice and Consumer Services** in Florida lost two staff positions last year. It is using technology to improve efficiency and outreach.
- The staff of the **Summit County Office of Consumer Affairs** in Ohio went from three people to one because of attrition, but at the end of the year a second staff person came onboard.
- The **Tennessee Division of Consumer Affairs** also experienced staff cuts due to attrition and had to do a top-to-bottom review of its complaint processing system. The plan is to implement a new computer system and improve the efficiency of the complaint processing.
- While the ability to levy fines for violations is very helpful to enforce compliance, the fact that the **Union County Division of Weights and Measures/Consumer Affairs** in New Jersey has two investigators makes it difficult to dedicate as much time to that effort as it would like.
- The **Virginia Attorney General's Office** participated in a multistate antitrust trial against Apple and several ebook publishers who were engaged in a price-fixing conspiracy to raise the price of ebooks at the time of Apple's iPad launch. The five publishers settled and Apple lost at trial. Virginia's share of the restitution in these cases was more than \$4 million.

Dealing with Disasters

- The effects of Superstorm Sandy in Ocean County, New Jersey continue to impact not only consumers but employees of the **Ocean County Department of Consumer Affairs, Weights and Measures**. Several staff members suffered flooded homes and vehicles. Despite their personal challenges, they fielded consumer complaints concerning price gouging, utility outages and other storm-related problems and continue to work on home improvement scams.

Keeping Up with Changes in the Marketplace

- Dealing with an increasing number of scams against the older population presented a challenge to the **Cambridge Consumers' Council** in Massachusetts last year. It is working more closely with local senior centers to raise awareness about these scams.
- The **Connecticut Department of Consumer Protection** said that keeping pace with new technology that enables fraud was a major challenge for its agency last year.
- The **Consumer Assistance Council** on Cape Cod in Massachusetts said that with so many scammers now operating from foreign countries, it is difficult for local agencies to do anything

about them, and federal agencies aren't able to take on every case because of monetary thresholds and other factors that are used to determine priorities.

- The **Delaware Department of Justice** also cited technology-related problems such as hacking and identity theft that results from it as a major challenge.
- Just locating scammers who use the Internet to offer merchandise, loans, jobs or other products or services was a challenge for the **District of Columbia Attorney General's Office** last year. Often there is no known physical location and by the time consumers realize that they've been victimized, the website or email address is no longer in use.
- The **Los Angeles Department of Consumer Affairs** also pointed out that even the problem with an online sale involves a legitimate business, it can be hard to get a response, and other options that consumers have, such as going to small claims court, are not practical.
- The evolving nature of fraud and the difficulty going after scammers in other countries was also cited by the **Montana Office of Consumer Protection** and the **San Francisco District Attorney's Office Consumer Protection Unit**.

Maintaining and Improving Systems and Services

- As a new agency, the biggest challenge for the **Cuyahoga County Department of Consumer Affairs** was hiring staff, setting up a computerized system, and getting legislation enacted to enable it to take enforcement action.
- The **Florida Department of Agriculture and Consumer Services** has struggled with outdated software systems that require time-consuming synchronization and pull personnel off of more important job duties. Last year great strides were made in getting the majority of the agency's inspectors into a new database that enables real-time updates in the field. There are two programs that still need to be moved into the new database.
- Because of its new roofer registration duties and changes to the state identity theft statute, the **Kansas Attorney General's Office** faced challenges last year with staffing and training. The agency has instituted formal in-house training, using long-term staff to train newer members.
- Even when staff vacancies can be filled, the departure of long-time employees can put strain on an agency. The **Maryland Attorney General's Office** lost three staff members who had many years of experience, and training their replacements required considerable time and effort. The **Wisconsin Department of Agriculture, Trade and Consumer Protection** also experienced staff turnover that left it short-staffed for a while last year and required time to train new staff.
- The **Consumer Assistance Office – Metro West** in Massachusetts took on an increased workload last year, doubling the volume of complaints, which was more than it anticipated. The agency also found that the expanded client base needed more personal assistance. To help deal with these challenges, the agency moved into a larger office, which can accommodate more staff and includes a space to meet with consumers in person.
- The economy has made it increasingly difficult for the **Montgomery County Office of Consumer Protection** in Maryland to attract volunteers and interns, which are unpaid positions, to help investigators with special projects and case management.
- One of the issues that the **Orange County Consumer Fraud Unit** in Florida faced last year was a slight decline in the number of complaints it received. One reason for this may be that consumers are increasingly using the Internet to search for where to get help, and it is more

likely for other agencies, such as the Federal Trade Commission, to pop up in those searches. While it is useful for federal agencies to have the information, unlike state and local agencies they do not take action on individual complaints. Part of the solution is more consumer outreach, but the agency also said that there should be better coordination between state, local agencies and federal agencies to ensure that consumers get individual assistance. It also recommended that standardized training for all agencies would help improve their capabilities.

- The **Vermont Attorney General's Office** transitioned to a new data management system last year, which required extensive changes in operating procedures and staff re-training.
- The **Virginia Attorney General's Office** took on new complaint responsibilities for complaints against towing and recovery operators and tow truck drivers. The agency created a towing complaint form, which is available on its website, met with industry representatives, and conducted training for staff.

Effectively Reaching Consumers

- The **Howard County Office of Consumer Affairs** in Maryland continued to seek ways to reach underserved and vulnerable consumers. It has begun a more systemized outreach campaign.
- Explaining complex changes under the Affordable Health Care Act and state healthcare legislation to consumers, and how they can take advantage of those changes, was the biggest challenge for the **Massachusetts Office of Consumer Affairs and Business Regulation**.
- The **New York State Department of State Division of Consumer Protection** continued to deal with the ongoing challenge of reaching out to as many consumers as possible throughout the state. It made presentations to community groups last year on identity theft, scam prevention, financial literacy and product safety. It also expanded its outreach on child identity theft by making presentations to school personnel and parents. It also issued consumer alerts, used social media to reach consumers, and provided articles for groups to use in their newsletters.
- Like other agencies, the **North Dakota Attorney General's Office** uses all forms of media to reach out to the public. But the agency noted that it is sometimes a challenge to convince consumers that they may be involved in a scam. Another challenge it faced last year was a declining number of students participating in the LifeSmart program, a consumer knowledge competition aimed at middle and high school students.

Methodology

40 agencies from 23 states (21 are state entities, 16 are county, and 3 cover a city or region within a state, such as Cape Cod) participated in the survey, which was conducted from March to June 2014. They represent a cross-section of the state and local consumer protection agencies that serve the public across the United States (see Appendix A for the list of participating agencies). Most are government entities; two in Massachusetts, the **Consumer Assistance Office - Metro West** and the **Consumer Assistance Council**, are nonprofits that receive state funding to handle complaints and educate the public in their areas.

The survey covers a one-year period, in most cases January through December 2013 (some agencies keep records on a different basis, such as July through June; all were asked for data for the most recent 12-month period available).

Since there is no uniform set of complaint categories that all agencies use, the survey posed open-ended questions such as “List the top ten subjects of complaint to your agency received during the survey period.” Some agencies use general complaint categories, while others break complaints into more specific categories. For instance, some record all car-related complaints in “Auto,” while others have separate categories for new car sales, used car sales, auto repairs, and auto leasing. Complaints about telephone services may be in utilities or in a separate category for communications services. CFA grouped complaints under general subject headings as necessary.

All agencies that participated in the survey provided the number of complaints that they received during the survey period and 35 provided the total amount of money recovered or saved for consumers, which totaled \$139,350,297. It is important to note that the number of consumers who benefitted from enforcement actions taken by the agencies may in some cases be higher than number of complaints they received. The complaint numbers also do not reflect the millions of consumers who contacted the agencies for advice.

Agencies were asked to provide examples of complaints. Not all did so, and in the examples that were provided, the names of the businesses were not always included. In some cases, that information is not publicly available because the investigation is ongoing or because of the terms of a settlement.

This report shows the most common complaints made to state and local consumer protection agencies during the survey period. Since it is not based on a random survey of consumers, it does not necessarily provide an accurate measure of the problems that consumers encounter in the marketplace. Some consumers do not complain about their problems to anyone, and of those who do, some may complain to other entities such as federal agencies or Better Business Bureaus. There are also specialized agencies at the state and federal level that take certain types of complaints, such as those against securities dealers.

We did not survey federal agencies, nor did we survey state and local agencies that only have one function such as regulating insurance or banking.

Appendix A
Agencies Participating in the 2013 CFA/NACPI Consumer Complaint Survey

California

Los Angeles County Department of Consumer Affairs
www.dca.lacounty.gov

San Francisco District Attorney's Office Consumer
Protection Unit
www.sfdistrictattorney.org

Connecticut

Connecticut Department of Consumer Protection
www.ct.gov/dcp
www.smartconsumer.ct.gov

Delaware

Delaware Department of Justice
www.AttorneyGeneralDelaware.gov

District of Columbia

District of Columbia Attorney General's Office
www.oag.dc.gov

Florida

Broward County Permitting, Licensing and Consumer
Protection Division
www.broward.org/permittingandlicensing

Florida Department of Agriculture and Consumer
Services
www.800helpfla.com

Hillsborough County Consumer Protection Agency
www.hillsboroughcounty.org/consumerprotection/

Orange County Consumer Fraud Unit
<http://www.orangecountyfl.net/FamiliesHealthSocialSvcs/ConsumerFraud.aspx#.U71GAKCgqSo>

Pinellas County Department of Justice and Consumer
Services
www.pinellascounty.org/consumer

Georgia

Georgia Governor's Office of Consumer Protection
www.consumer.ga.gov

Hawaii

Hawaii Office of Consumer Protection
www.hawaii.gov/dcca/ocp

Kansas

Kansas Attorney General's Office
www.InYourCornerKansas.org

Maryland

Howard County Office of Consumer Affairs
www.howardcountymd.gov/consumer

Maryland Attorney General's Office
www.oag.state.md.us/consumer/

Montgomery County Office of Consumer Protection
www.montgomerycountymd.gov/OCP

Massachusetts

Cambridge Consumers' Council
www.cambridgema.gov/consumercouncil.aspx

Consumer Assistance Council
www.consumercouncil.com

Massachusetts Attorney General's Office
www.mass.gov/ago/

Massachusetts Office of Consumer Affairs and Business
Regulation
www.mass.gov/consumer

Consumer Assistance Office - Metro West
www.consumermetrowest.org

Northwestern District Attorney's Office
<http://northwesternda.org>

Montana

Montana Office of Consumer Protection
www.doj.mt.gov/consumer/

New Jersey

Gloucester County Office of Consumer Affairs, Weights and Measures
www.co.gloucester.nj.us/depts/c/cpwm

Ocean County Department of Consumer Affairs, Weights and Measures
www.co.ocean.nj.us/consumer/

Union County Division of Weights and Measures/Consumer Affairs
www.ucnj.org

New York

New York State Department of State Division of Consumer Protection
www.dos.ny.gov/consumerprotection/

North Dakota

North Dakota Attorney General's Office
www.ag.nd.gov

Ohio

Cuyahoga County Department of Consumer Affairs
<http://fiscalofficer.cuyahgacounty.us/en-US/ConsumerAffairs.aspx>

Ohio Attorney General's Office
www.ohioattorneygeneral.gov
Summit County Office of Consumer Affairs
<https://consumeraffairs.summitoh.net/>

Oregon

Oregon Department of Justice
www.oregonconsumer.gov

Pennsylvania

Bucks County Consumer Protection, Weights and Measures Office
<http://www.buckscounty.org/government/communityservices/ConsumerProtection>

South Carolina

South Carolina Department of Consumer Affairs
www.consumer.sc.gov

South Dakota

South Dakota Attorney General's Office
www.atg.sd.gov

Tennessee

Tennessee Division of Consumer Affairs
www.tn.gov/consumer/

Vermont

Vermont Attorney General's Office
www.uvm.edu/consumer

Virginia

Fairfax County Department of Cable and Consumer Services
www.fairfaxcounty.gov/consumer

Virginia Attorney General's Office
www.ag.virginia.gov

Wisconsin

Wisconsin Department of Agriculture, Trade and Consumer Protection
<http://datcp.wi.gov>

Appendix B

How Consumers Can Protect Themselves: Tips from the 2013 CFA/NACPI Consumer Agency Survey

Auto

Eyeing a used car? Get its previous history so you'll know what you're bargaining for. Most states participate in the National Motor Vehicle Administration, through which you can get information about the title, whether the mileage that shows on the odometer is accurate, and whether the car was previously declared a total wreck. Approved companies that sell car histories are listed at www.vehiclehistory.gov. But be aware that not every problem may show up in the report. The CARFAX website, for instance, states that while its reports may show frame damage, you should always bring the vehicle to a mechanic to be inspected. Do that before you commit to the purchase. It's also possible that there could be errors in a report. If you're selling or trading in a car, you might want to run a report on it so you can be sure that the information in it is correct and provide an explanation if it is not.

Before you buy any type of used vehicle, have it checked out by a mechanic you trust to look for problems that may not become obvious to you until after the purchase.

When you're buying a car, read the contract and any financing agreement carefully to make sure you know what you're getting and the cost. Don't be rushed or pressured, ask questions, and if there is anything you still don't understand show the paperwork to someone you trust before you sign.

Auto dealers use a variety of come-ons to get people into their showrooms. Report any solicitations that you think may be misleading to your state or local consumer protection agency.

It can be risky to buy a car sight unseen. Before you commit, it's a wise idea to check the vehicle out in person, especially since there is no automatic right to cancel.

Before you buy a used car from a dealer or an individual, get information about your rights and the seller's responsibilities from your state or local consumer protection agency.

Some states allow dealers to sell used cars "as is" as long as that is clearly disclosed, which means that the seller may have no responsibility – another reason why it's important to have the car checked out by a mechanic you trust before you commit.

If there is a problem with a car you purchased and you can't resolve it with the seller, your state or local consumer protection agency may be able to help.

The Federal Trade Commission's Used Car Rule requires dealers to post a [Buyers Guide](#) in every used car they offer for sale. It tells you whether the vehicle is being sold "as is" or with a warranty, what percentage of the repair costs a dealer will pay under the warranty, and other important information. Maine and Wisconsin are exempt from the FTC's Used Car Rule; they require dealers to display a different version of the Buyers Guide. You may also have other warranty rights under state law.

Business Opportunities

Under the Federal Trade Commission's [Business Opportunity Rule](#), the sellers must provide specific information about themselves, including any prior legal actions there have been against them. They must also tell you the cancelation and refund policy for the offer and give you a list of references, and if they make any claims about potential profits, they must also provide a separate Earnings Claim Statement explaining the basis for them. Get everything in writing and seek professional advice from a lawyer, accountant, or other independent advisor before agreeing to anything or making any payments.

Charities

Many states regulate charities and professional fundraisers that solicit on their behalf. If you have a question or a problem concerning a charitable donation, your state or local consumer protection agency may be able to help, or refer you to the another agency that can assist you.

Organizations that that are considering using third-party services to help manage their fundraising efforts should get clear information in advance about exactly how they work, including how and when funds are transferred to their accounts, and check with other groups that have used the services.

Credit/Debt

Having problems dealing with your debts? Contact a local nonprofit credit counseling service. A trained counselor can give you advice and may be able to work out new payment arrangements with your creditors. If there is a fee for these services, it will be very small. To find a credit counseling service in your area, contact the National Foundation for Credit Counseling, www.nfcc.org or 800-388-2227 (for Spanish language call 800-682-9832).

Need help modifying your loan or avoiding foreclosure? For information about your options and to find out if you are eligible for help from the government, go to www.makinghomeaffordable.gov. To talk to a housing counselor certified by the U.S. Department of Housing and Urban Development by call 888-995-4673, TTY 877-304-9707. There is no charge for these services. Your state or local consumer protection agency may also be able to help you.

A mistake in your mortgage records can tie you and your property in knots. If there is an error that you can't resolve, ask your state or local consumer protection agency for help.

Stand up for your right under the [Fair Credit Reporting Act](#) to dispute incorrect information on your credit report. If you can't resolve the problem, ask your state or local consumer protection agency for help.

Under federal [law](#), you have the right to tell debt collectors not to contact you again. It's illegal for them to call with annoying frequency, falsely say they're going to take legal action, use obscene language, threaten you with bodily harm, or reveal information about your debt to someone else. You may also have rights under state law; check with your state or local consumer protection agency.

Be careful when you enter into student loans and other types of finance agreements. Read the paperwork and ask questions if anything is not clear. You might want to consult with a lawyer or other trusted advisor to make sure that you understand the terms and they're suitable for your situation.

Fraud

Some scammers take advantage of ethnic, religious or other kinds of relationships to gain people's trust and swindle them. Because of the insular nature of some groups, these "affinity" crimes often go unreported. If you know or suspect that criminals are targeting people in your community, contact your state or local consumer protection agency and the police.

Need someone to love? Your best bet is to join local organizations and go to social gatherings in your community. If you meet someone online though a dating service, social network or some other means, be very careful. You know what they say – when you're on the Internet, no one knows you're a dog. It's impossible to tell if someone in cyberspace is a man or a woman, an honest person or a crook. Don't give money or anything else of value to someone that you haven't met in person and gotten to know well.

If someone calls unexpectedly claiming to be from your utility company and demanding payment, don't panic and don't send any money. Hang up and call your utility company directly to verify your account balance and

report the scam. It's also helpful to report this and other imposter scams to your state or local consumer protection agency so that it can issue a public warning.

Scare tactics are one the common hallmarks of fraud. If someone claiming to be from law enforcement contacts you unexpectedly and demands that you send money somewhere, it's a scam. Report it to the agency that the person supposedly represents and to your state or local consumer protection agency.

The Federal Trade Commission's www.onlineonguard.gov website provides advice about how to spot the tech alert scam and other online dangers and keep yourself and your computer safe.

The "grandparent scam" doesn't only target older people. It takes many forms – a call from someone pretending to be a relative, an email that looks like it's from a friend – but the person always claims to be in an emergency situation and asks you to send cash immediately. Don't fall for it. At www.consumerfed.org/fraud you'll find a series a short, funny videos as well as tips from Consumer Federation of America about how to spot and avoid the "grandparent scam," "phishing," and other types of fraud.

It's illegal for companies to ask you to pay a fee or buy anything in order to win or claim a prize – and it's a sure sign of fraud. Another danger sign is being asked to make payments via money transfer services and cash reload cards such as the Green Dot MoneyPak. That's just like sending cash. Money transfer services should only be used to send money to people whom you know personally. The Green Dot MoneyPak cash reload card is only intended to transfer funds to prepaid cards or make bill payments to approved merchants. And be wary of any requests to put money on a prepaid card and send the card to someone you don't know – that's also the same as sending cash.

There are many variations of "foreign money offers" but they're all the same in one respect: these deals are never legitimate. The only person who profits is the scammer, who simply pockets your money. And once you're on the hook, the crook will ask for more money until you have none left. It's also important to know that if you send money to someone in another country who turns out to be a fraudster, you'll probably never be able to get it back. Don't take the bait. The National Consumers League's Fraud Center provides good descriptions of common scams at www.fraud.org.

Fuel

Even well-established businesses can close without warning. The safest way to for prepay for fuel or other goods or services that will be delivered at a future date is by credit card, because federal law gives you the right to dispute the charges if you don't get what you paid for.

Health Products/Services

Before arranging for hair removal treatments, ask your state or local consumer protection agency if the business or practitioner must be licensed or registered and, if so, check on whether the requirements have been met. Your safety, as well as your money, may be in jeopardy if you do business with a health service provider that is not properly trained or does not follow the rules.

Home Improvement/Construction

New home defects can be expensive to repair and dangerous to ignore. Contact your builder immediately if you suspect that there may be structural problems and if they're not resolved, ask your local building inspector and state or local consumer protection agency for help.

Before choosing a contractor, get at least a few estimates and references. If it's an emergency and you don't have time to do that, at least ask your state or local consumer protection agency if there are any licensing or registration requirements that apply and check to confirm that the contractor has met them. These requirements are meant to ensure that the work is done properly and that the contractor can be located if there are any problems. If someone comes to your house uninvited offering driveway paving, house painting or any other home improvement work, it's probably a scam. Legitimate contractors don't go door-to-door looking

for work. Get the person's license plate number and call your local police.

Some states limit the percentage of the total price that the contractor can request upfront; ask your state or local consumer protection agency.

One important reason to only do business with contractors that follow the legal requirements in your state is that if something goes wrong, you may have a better chance of resolving the problem. For instance, if there is bonding or a guaranty fund, it might only apply if your contractor has met the licensing or registration requirements.

If you are buying a home, condominium, or vacation home that hasn't been built yet, consult with an attorney about whether a performance bond or other protections can be built into the sales agreement.

Having a home built is a major investment. Don't be rushed or pressured into adding features that you can't afford. Make sure you understand the terms and the cost, and if you need advice, show the contract to an attorney before you sign on the dotted line.

Payments for home improvement work should be proportionate to the amount of work that has actually been done and the supplies needed to do it. Never ever pay the full amount before the job is done.

When you contract for home improvement services through a home store, the store is generally responsible for ensuring that the materials and the work are satisfactory. Be aware that if you take the measurements and bring them to the store, however, it will be your problem if they're wrong.

Home Solicitations

You don't have to let a salesperson into your home; it's OK to say "I'm not interested" and shut the door. Resist pressure or sob stories designed to sell you something that you don't really need or want.

To protect consumers from high-pressure sales tactics, federal [law](#) provides the right to cancel purchases for more than \$25 made at home or somewhere else other than the seller's normal place of business. If you are not given notice of that right at the time of the sale, your right to cancel continues. There are some exceptions. You may also have specific cancellation rights under state law; check with your state or local consumer protection agency.

Ask your state or local consumer protection agency if door-to-door sellers must be licensed or registered; if the answer is yes, when salespeople unexpectedly appear at your door, demand to see proof that they have complied, and report them to the proper authorities if they haven't.

It's illegal for a salesperson to call if your phone number is on the National Do-Not-Call registry and the caller is not from a company that you have done business with before. It's also illegal for companies to make prerecorded sales calls to you – "robocalls" – unless you agreed in advance, in writing, to receive them. If a company is violating your telemarketing rights, chances are that it's a scam. Legitimate businesses play by the rules. For more information about your telemarketing rights under federal law and how to spot scams, go to www.consumerfed.org/fraud. Some states have their own do-not-call registries and telemarketing rules; check with your state or local consumer protection agency.

Household Goods

Retailers push extended warranties because they make money from them. Resist pressure to buy one. In most cases, if something goes wrong with a product it will be covered by the manufacturer's warranty and by other rights that you may have under state law to expect that a product will work as it should for a reasonable period of time. To reduce the chances of having trouble with a major appliance, check the reliability ratings from Consumer Reports and other sources before deciding which one to purchase.

Avoid companies that use high-pressure sales tactics and promise financing for expensive items such as computers. Shop around, and if you can't afford to pay cash, explore whether a layaway plan is available, or set

money aside every week until you have enough saved to make the purchase.

Identity Theft

Never give your personal information to someone who contacts you unexpectedly asking for it. Look up the phone number for the agency or company that the person claims to represent and call to ask if the request is legitimate. Identity theft can have consequences that victims might not discover until much later. Monitor your credit record by requesting your free annual credit report from the major credit bureaus. Go to www.annualcreditreport.com or call 877-322-8228. In some states, you may have the right to additional free credit reports. If you find any problems on your report, notify the credit bureau immediately. Also review your bank statements carefully. For tips and funny videos about “phishing” and other types of identity theft, go to www.consumerfed.org/idtheft. Consumer Federation of America’s www.IDTheftInfo.org website provides additional information and resources about identity theft.

If you receive bills or spot transactions on your accounts for purchases you never made, don’t ignore them – they may signal that someone is using your personal information fraudulently. You have the [right](#) to dispute unauthorized charges or debits if your card, or your account number, has been stolen, or if crooks have used your personal information to open new accounts.

Insurance

For information about obtaining insurance under the Affordable Care Act go to www.HealthCare.gov or call 800-318-2596, TTY 855-889-4325. There are links from the site to state-operated insurance exchanges. There may still be some glitches in the systems, but don’t despair. If you encounter a problem, your state or local consumer protection agency may be able to help or point you to another agency that can.

For questions about your insurance rights contact your [state insurance department](#).

Internet Sales

It’s impossible to know for sure whether someone who is offering an item for sale in an online auction actually has it. If you’re considering bidding for an expensive item, check the seller’s feedback rating, if one is provided, and look for information about any buyer protection that the auction site may offer.

If possible, buy event tickets directly from the venue or concert promoter so you can be sure they’re legitimate. The Federal Trade Commission provides [advice](#) on how to avoid ticket resale scams. You may also want to check with your state or local consumer protection agency on whether there are any state requirements or restrictions for ticket resales.

Some items are best tried in a store before you buy them, especially furniture where comfort may be an important consideration. Don’t assume that you can return furniture or other merchandise you buy online – there is no automatic three-day cancellation right, and you are usually bound by the seller’s stated return policy unless there was a misrepresentation or the item is defective.

Sometimes an online search or mistyping an Internet address will take you to a website that looks similar to the one you’re looking for but isn’t. Look at websites carefully before entering any personal information, and if you suspect that a site is phony or is trying to fool you into believing that it’s the government or something else, report it to your state or local consumer protection agency.

Investments

Interested in investing in stocks? Do your homework first. The U.S. Securities and Exchange Commission offers [advice](#) on how to pick a brokerage firm and other information you need to make wise investment decisions and protect yourself from fraud.

Landlord/Tenant

Many states require landlords to ensure that their rental property meets specific safety and health standards. If you call your landlord about a problem, you may want to follow up with a letter and keep a copy so you'll have a record. The time limits for landlords to make repairs sometimes depend on the seriousness of the problems; your state or local consumer protection agency can give you information about your rights and how to enforce them if the landlord doesn't cooperate.

Thinking about renting out a room in your house? Or subletting a room in your apartment? Do your homework first. Get information from your state or local consumer protection agency about the laws and regulations that may apply to you in that situation.

Unsure of your rights as a tenant, or your obligations as a landlord? Get the information from your state or local consumer protection agency.

Retail Sales

Be sure to get receipts for major purchases and keep them in case something goes wrong later so you can document the date of the sale and the amount of money you paid.

Businesses can close without warning. When you buy merchandise that will be delivered at a future date, pay with a credit card so you can dispute the charges if you don't receive it. Keep order forms, layaway agreements and other documents about the transaction in case there is a problem later.

You don't have to put up with defective merchandise. In addition to the warranty that may come with the item, you may also have rights under state law to insist on a replacement or refund if the problem can't be fixed. Check with your state or local consumer protection agency.

Using products that contain illegal substances may be very dangerous to your health.

Schools

Before you sign up with a career training school, ask the department of education in your state if there are any licensing or accreditation requirements and whether the school has complied with them. You may also be able to find out if it has received complaints about the school. The Federal Trade Commission offers [tips](#) on what to look for and what to avoid to make sure you get the education you paid for.

Services

When you are considering using a tax preparation service, ask how the fees are calculated. Don't use services that base their fees on a percentage of your refund or that claim that they can obtain larger refunds than others can. If you're entitled to a refund, it should go directly to you, not into the tax preparer's bank account. Avoid offers of loans on tax refunds that charge exorbitant interest rates.

If you think that your pet has been harmed by a grooming, boarding or other type of animal service, have the animal examined by a veterinarian as soon as possible. If you are unable to resolve the matter with the service, contact your state or local consumer protection agency. You may also want to notify the local health or licensing authorities if you think there may be a safety issue.

Ask friends and family members who have had good experiences with shipping what companies they used. Keep your receipts for the shipping along with a list of all of the items and their value in case something is lost or damaged. If you suspect a shipping scam, report it to your state or local consumer protection agency.

Before you agree to pay for services such as tree trimming, get at least a few estimates. Also ask your state or local consumer protection agency if there are any licensing or registration requirements for that type of work, and check to confirm that the service has complied.

When services are offered for a very low price, ask yourself “Why?” It could be just a come-on. Once the company gets its foot in the door, it may claim that your job will cost more for some reason or try to sell you additional services. Don’t be pressured into paying more than you bargained for.

Travel

A company can be held to its promises even when the offer is made as a “goodwill gesture.” If you fulfilled all the requirements for the offer and don’t get what you were promised, contact your state or local consumer protection agency.

The safest way to pay for travel services is by credit card because you can dispute the charges if the trip was never provided or the transportation or accommodations were significantly inferior to what you were led to expect.

Utilities

The benefit of autopay is that you don’t have to think about your bill payments, but that’s the danger, too. Always look at your bill before the payment will be made to ensure that there aren’t any mistakes or unauthorized charges. Contact the company, and your financial institution, immediately if there is a problem. If you cancel a service for which you have autopay, be sure to let the financial institution know.

With the option to choose your electricity supplier, you can shop around for the best deal. But beware of misleading sales tactics and be sure to read the fine print. Some suppliers offer fixed rates, others may have variable rates that could start out low but increase dramatically because of weather or other factors. If a salesperson claims to represent your current supplier, check with the company to confirm. You can get more advice about shopping for electricity from your state [public utilities department](#).