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NATION'S TOP 10 CONSUMER COMPLAINTS

Report Highlights New Complaints and Other Challenges to Consumers and Consumer Protection Agencies

Washington, D.C. – The tough economy continued to pose problems for consumers and state and local consumer protection agencies in 2010 according to the latest consumer complaint survey conducted by Consumer Federation of America (CFA), the National Association of Consumer Agency Administrators (NACAA), and the North American Consumer Protection Investigators (NACPI). Thirty-one agencies from 18 states participated in the survey, which asked about the most common, fastest growing and worst complaints they received last year, as well as their biggest achievements and challenges.

- **As in the last survey, complaints about credit and debt are second only to auto-related complaints in the top ten. Fraud is a new category in the top ten.**
- **No single type of complaint stood out as the fastest-growing or worst in 2010. The complaints that state and local consumer agencies received last year ran the gamut from auto sales to sweepstakes scams. Many of the complaint examples that agencies provided, however, were related to the difficult financial situations that consumers and businesses faced.**
- **The agencies surveyed received more than 252,000 complaints in total last year and collectively obtained in excess of \$208 million in restitution and savings for consumers.**
- **Half of the agencies that responded to the question about their biggest challenge last year cited budget cuts and limited resources, which often forced them to “do more with less.”**

Other challenges that state and local consumer protection agencies faced included keeping up with technology and the evolving nature of fraud, limitations on enforcement powers, implementing new laws, and addressing new complaint trends. “Much of what state and local consumer protection agencies do, from preventing rip-offs to mediating individual complaints, goes unheralded” said Susan Grant, CFA Director of Consumer Protection. “Our survey shines a spotlight on consumers’ everyday problems and the vital role that state and local consumer protection agencies play in helping them and making the marketplace safer for all.”

Noting that fraud is new in the top ten complaints, Anna Huddleston-Aycock, a Justice Analyst with the Pinellas County Department of Justice and Consumer Services in Florida and President of NACPI, said “Fraud is an especially challenging problem because scammers often target U.S. consumers from foreign countries, making law enforcement difficult. State and local consumer protection agencies are using new technologies such as Twitter to warn the public about scams and prevent victimization.”

Keeping up with new types of consumer problems and with new technologies requires funds for training and equipment. “State and local consumer protection agencies need more funds to do their jobs effectively,” said Ms. Grant. “They provide essential public services, like firefighters and police, and deserve the same support.”

Top Ten Complaints in 2010

The following are the top complaint categories that most frequently appeared in the agencies' top ten lists. Their ranking in the top ten in 2009 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. **Credit/Debt:** (2) Billing and fee disputes, mortgage-related fraud, credit repair, debt relief services, predatory lending, illegal or abusive debt collection tactics
3. **(tie) Home Improvement/Construction:** (3) Shoddy work, failure to start or complete the job
Retail Sales: (5) False advertising and other deceptive practices, defective merchandise, problems with rebates, coupons, gift cards and gift certificates, failure to deliver
4. **Utilities:** (4) Service problems or billing disputes with phone, cable, satellite, Internet, electric and gas service
5. **Services:** (6) Misrepresentations, shoddy work, failure to have required licenses, failure to perform
6. **Internet Sales:** (7) Misrepresentations or other deceptive practice, failure to deliver online purchases
7. **Household Goods:** (8) misrepresentations, failure to deliver, faulty repairs in connection with furniture or appliances
8. **Landlord/Tenant:** (8) Unhealthy or unsafe conditions, failure to make repairs or provide promised amenities, deposit and rent disputes, illegal eviction tactics
9. **Fraud:** (not in top 10 last year) Bogus sweepstakes and lotteries, work-at-home schemes, and other scams
10. **Home Solicitations:** (9) Misrepresentations or failure to deliver in door-to-door, telemarketing or mail solicitations, do-not-call violations

New Types of Complaints

- Inadequate disclosures about expiration dates or other limitations on group discount coupons.
- Medical billing problems in which consumers were caught between health service providers and insurance companies in disputes about whether claims were properly submitted or should be covered.
- Companies that offered to buy consumers' cars but never paid off the liens on the vehicles or whose checks to consumers bounced.
- "Recovery services" that falsely promise to retrieve money that consumers have lost to timeshare resale companies.
- Major data breaches resulting in barrages of complaints from consumers worried about ID theft.
- Problems with lack of documentation for contracts for wireless television service.
- Billing disputes involving unauthorized debits to consumers' bank accounts spanning many years.
- The "grandparent scam," in which consumers receive calls or emails purporting to be from a friend or relative in some sort of emergency situation asking them to wire money to help.
- Tax-related scams in which consumers receive official-looking correspondence offering help with property tax adjustments or other tax assistance for a fee, when consumers may be able to get that help from the government for free.

New Laws Needed

The survey also asked what new laws were needed to better protect consumers. Many of the suggestions were related to credit and debt problems, from stronger laws to curtail abusive debt collection practices to imposing stiff monetary penalties if landlords knowingly rent property that is or is about to be in foreclosure. Other suggestions included regulating Internet cafes that are being used for online gambling, enacting used car "lemon" laws, barring mandatory arbitration clauses in consumer contracts, and assessing criminal penalties for Internet fraud.

Real-world examples of complaints from state and local consumer protection agencies' files and specific tips pertaining to those problems are provided in the survey report.

Ten Ways to Protect Yourself from Scams and Rip-Offs

CFA, NACAA and NACPI have also updated their general tips sheet, *Ten Ways To Protect Yourself from Scams and Rip-Offs*.

- 1. Check the track record.** Before you buy from unfamiliar companies, check with your state or local consumer agency*, the Better Business Bureau, and online complaint forums to see if other people have reported serious problems.
- 2. Hire licensed professionals.** When hiring home improvement contractors or other professionals, ask your state or local consumer agency* if they must be licensed or registered and how you can confirm that they are.
- 3. Pay the safest way.** When you buy goods or services that will be delivered later, pay with a credit card so you can dispute the charges if you don't get what you were promised.
- 4. Use gift cards, gift certificates and coupons promptly.** Even well-established businesses can suddenly close or go bankrupt, and it may be impossible to get refunds for the unused balances on gift cards and gift certificates or to use discount coupons that you have paid for.
- 5. Don't pay in full upfront.** If you are asked for a deposit for home improvement or other services, pay a small amount, never the full price upfront.
- 6. Recognize the danger signs of fraud.** Be suspicious of any requests to wire money; scare tactics or pressure to act immediately; promises that you can borrow, win or make money easily if you pay a fee in advance; unexpected requests for your personal information; and offers to recover money that you've lost to scammers, for a fee.
- 7. Get all promises in writing.** Verbal agreements are hard to prove. Carefully read contracts or finance agreements and make sure you understand them before you sign.
- 8. Seek help for financial problems from legitimate sources.** It's illegal for companies that offer to reduce or settle your debts or help you avoid foreclosure to charge any fees until they've actually done what they promised. If you're struggling to pay your bills, try to work out a solution directly with your creditors. If that's unsuccessful, get real help. A non-profit credit counseling service can advise you about how to deal with your non-mortgage debts and may be able to set up a plan with your creditors to pay your debts off over a set period of time. To find a counseling service near you, contact the National Foundation for Credit Counseling, www.nfcc.org or 800-388-2227. For help getting your mortgage payments adjusted, call 800-569-4287 or go to [portal.hud.gov/hudportal/HUD?src=/i want to/talk to a housing counselor](http://portal.hud.gov/hudportal/HUD?src=/i%20want%20to%20talk%20to%20a%20housing%20counselor). More information about modifications is at www.makinghomeaffordable.gov.
- 9. Know your debt collection rights.** Under federal law you have the right to dispute debts that you don't owe, and many states prohibit action to collect debts after a certain number of years. Federal and many state laws also prohibit debt collectors from calling with annoying frequency, falsely threatening legal action, and discussing debts with people who aren't legally responsible for them.
- 10. When in doubt, check it out.** If you're not sure what your rights are or you think that something might be fishy, ask your state or local consumer agency* for advice.

***FIND YOUR LOCAL CONSUMER AGENCY AT:** www.consumeraction.gov/state.

For the complete survey report, go to:

www.consumerfed.org/pdfs/Consumer_Complaint_Survey_Report072711.pdf.

The consumer tips are at www.consumerfed.org/pdfs/Consumer_Complaint_Consumer_Tips2011.pdf.

CFA is a nonprofit association of some 300 pro-consumer organizations in the U.S. NACAA and NACPI are membership organizations of consumer protection agencies at all levels of government. CFA has periodically conducted consumer agency surveys since 1992. This survey, conducted with 31 state and local CFA, NACAA and NACPI member agencies in the U.S., was completed in May 2011 and covers a one-year period, which in most cases was January-December 2010.