



Consumer Federation of America

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CONSUMERS VERY CONFUSED ABOUT THEIR RIGHTS WITH TELEMARKETERS

Concern About Scammers High, But Consumers Think it's Hard to Tell

Washington D.C. – A new survey from Consumer Federation of America (CFA) shows that nearly 9 in 10 adults in the United States are concerned that telemarketing calls they receive from companies they haven't done business with before might be scams, and more than three-quarters think that it's hard for most consumers to tell if a sales call is legitimate or not. But the survey also revealed that most adults don't know their basic telemarketing rights. "Knowing your rights can help you tell the difference between legitimate telemarketing offers and scams," says Susan Grant, Director of Consumer Protection at CFA and leader of CFA's Consumer Protection Institute.

To celebrate National Consumer Protection Week, CFA is offering new resources on its website to help consumers avoid telemarketing fraud. They include a guide about consumers' basic telemarketing rights, tips on spotting fraud and a short, humorous video. This educational project was supported by a grant from Western Union.

"A person's best defense is to learn how to spot the signs of a scam before sending money," said Shelley Bernhardt, director of global consumer protection at Western Union. "Consumer fraud is an industry issue. By working with CFA we can help prevent unsuspecting individuals from becoming a victim of fraud." Western Union provides information for consumers about how to spot and avoid fraud at www.westernunion.com/stopfraud.

The first question in the survey was whether the respondents had put their phone number on the National Do Not Call Registry (DNC). Of the 1,008 adults surveyed, more than half (52 percent) said they had put their number on the DNC, 46 percent had not, and 2 percent were unsure. A greater number of older people said they had done so than younger people (68 percent of respondents age 55 and older compared to 30 percent age 18-34).

But in a series of multiple choice questions about consumers' telemarketing rights, the people who had put their numbers on the DNC or who said they were concerned about telemarketing fraud did not necessarily fare any better than other survey respondents in choosing the correct answers. For instance, the second question asked, if you put your phone number on the DNC, which of the following is true:

1. No telemarketers are allowed to call you.
2. Telemarketers are allowed to call you if you have recently done business with them. (correct)
3. Any telemarketer is allowed to call you, but only in the late afternoon between 4 and 6 p.m.

Only 34 percent of the people surveyed answered this correctly overall, and of those who had put their number on the DNC, only a slightly higher number, 39 percent, got it right. More than half of the respondents (55 percent) thought that no telemarketers were allowed to call them if their numbers were on the DNC; the percentage was the same for those who had put their numbers on the DNC. Of those who said they were very or somewhat concerned about telemarketing calls being scams, the results were more mixed: 30 percent of those very concerned about telemarketing fraud chose the right answer, while 46 percent of those who said they were somewhat concerned did. Eight percent of respondents overall thought that putting your number on the DNC limits the time that telemarketers can call to late afternoon. The results were similar for those who were very concerned about telemarketing fraud (9 percent chose that answer) and somewhat concerned (8 percent) and a bit better for those that had put their numbers on the DNC (only 4 percent choose that answer).

“Simple things such as understanding when companies are violating your Do Not Call rights and when they’re not can help consumers detect possible fraud, because legitimate companies usually follow the rules, scammers don’t,” said Ms. Grant. “Consumers who put their numbers on the Do Not Call Registry should be very wary of sales calls from unfamiliar companies, because those companies shouldn’t be calling.”

Among the other significant survey findings:

- Fifty-eight percent of consumers knew that if you don’t put your phone number on the DNC, telemarketers must stop calling you if you tell them over the phone not to call again – others incorrectly thought that they could ignore your request (21 percent) or it had to be in writing (17 percent). The CFA guide explains that consumers always have the right to tell telemarketers not to call again, no matter whether their numbers are on the DNC and regardless of whether they have recently done business with those companies or had given them written permission to make sales calls to them.
- Consumers were more knowledgeable about their rights when prizes are offered as part of a sales promotion, with 63 percent correctly answering that you cannot be required to buy something to be eligible to win. Only 11 percent mistakenly thought that you could be required to make a purchase as long as the cost was less than half the value of the prize, but disturbingly, nearly 1 in 5 consumers (19 percent) incorrectly believed that buying something will improve your chances of winning.
- On a question about robocalls that use prerecorded messages rather than live people speaking, only 25 percent of respondents answered correctly that robocalls for sales

purposes may only be made to your home phone or cell phone if you gave the telemarketer written permission to make such calls to you. Twenty-nine percent incorrectly thought that telemarketers could make these calls to your home phone but not your cell phone, and 36 percent mistakenly believed that telemarketers could make those calls to you without your written permission if you had bought something from them before.

- Thirty-six percent of respondents knew that when a telemarketer calls on behalf of another company, it is allowed to show that company's number on consumers' Caller ID instead of its own. Thirty-five percent incorrectly thought that a telemarketer is only required to show its number on Caller ID if the consumer's number is on the DNC, and 16 percent mistakenly believed that a telemarketer calling on behalf of a charity is not required to show Caller ID information.
- When asked about a telemarketer that calls offering to fix problems with your credit record, 35 percent of respondents correctly answered that the company is not allowed to ask for any payment until it has actually fixed the problems. Nearly as many, however (34 percent), mistakenly believed that the company could charge the whole fee upfront as long as it had to give you a full refund if it failed to fix the problems and 16 percent incorrectly thought that the company could charge 10 percent of the fee in advance and the remainder after providing the service.

When asked if they were concerned that telemarketing calls from companies they haven't done business with before might be a scam instead of a legitimate offer, 89 percent of respondents said they were (67 percent were very concerned, 22 percent somewhat concerned). And when asked how easy or difficult they thought it was for most consumers to tell if telemarketing call is legitimate or a scam, 76 percent said that they thought it was difficult (42 percent said very difficult, 34 percent said fairly difficult).

Some of the demographic information gleaned by the survey was also interesting. Far more White respondents had put their numbers on the DNC (61 percent) than Black (33 percent) or Hispanic (24 percent). Fewer adults at the low end of the income scale (less than \$25,000) had put their numbers on the DNC (36 percent) than at the higher end of the scale (68 percent of those with incomes from \$75,000 up to \$99,999, and 60 percent of those with incomes of \$100,00 or more had done so). The differences between age, race and income were generally less sharp, however, when it came to answering the telemarketing rights questions correctly. One notable difference was in the question about prize offers, where a greater number of older people answered correctly than younger (75 percent of those age 55 to 64 and 71 percent age 65 and older compared to 50 percent of respondents age 18-34).

On the level of concern about whether telemarketing calls from unfamiliar companies might be scams, there were no significant differences between age, racial or income groups. Younger people and Hispanics were a bit more confident that most consumers can easily tell if a

telemarketing call is legitimate or a scam (31 percent of those age 18-34 thought it was easy for most consumers to tell, and 38 percent of Hispanics, compared to 23 percent of survey respondents overall). Only 15 percent of those in the \$100,000+ income level thought that it would be easy for most consumers to tell.

“We want consumers to ask themselves, ‘Should this company be calling me? Why am I getting a recorded sales pitch when I never gave this company written permission to make them to me? Why doesn’t the company’s phone number show on my Caller ID?’ And to hang up if they think that something is wrong,” said Ms. Grant. “There are other clues to look for as well, such as whether telemarketers are asking for payment upfront for to help you settle your debts and whether they only accept payment using a money transfer service or a prepaid card product.”

This split-sample (landline and cell) telephone survey of 1,008 adults was conducted for CFA’s Consumer Protection Institute by ORC International on February 21-24, 2013. The margin of error is plus or minus three percentage points.

CFA’s new educational materials on telemarketing and other consumer education resources about fraud can be found at www.consumerfed.org/fraud.

The Consumer Federation of America is a non-profit association of more than 280 consumer groups that was established in 1968 to advance the consumer interest through research, advocacy, and education.