

Consumer Facts for Older Americans

What To Do If You've Become The Victim Of Telemarketing Fraud

Americans lose an estimated \$40 billion each year due to the fraudulent sales of goods and services over the telephone. The elderly are frequently targeted. Studies have shown that fraudulent telemarketers direct anywhere from 56% to nearly 80% of their calls at older consumers. It is often difficult to recover money lost to a telemarketing scam. Even so, there are several practical actions that you can take to minimize losses and avoid future scams.

Common telemarketing scams

- Sweepstakes and Prize offers: Schemes in which consumers are lured by false offers of cash or other prizes.
- Travel packages: Vacation packages that are advertised as "free" or "low cost". These packages end up costing an exorbitant amount because of hidden costs, or the seller may not ever provide the promised trip.
- Investments Schemes and Work-At-Home Scams: These schemes promise that you will "get rich quick" or "make \$1000/week from home." They advertise high income with little or no risk, but end up delivering nothing.
- Charity Fundraising Scams: Phony charities that ask for money over the phone, often pressuring you for an immediate gift. Phony charities may try to confuse you by using names that sound like well-known charitable organizations or even law enforcement agencies.
- 900 Numbers or Pay-per-call Services (also known as "information access" services): These scams entice you to pay to make calls in order to receive information, such as how to save money on groceries or how to receive free credit cards. They then charge you exorbitant prices for calling these numbers.
- Recovery Scams: Telemarketers who prey on people who have already been victimized by other telemarketers. For a hefty fee, the recovery room scam will promise to get your money back, or get you the prize or investment you didn't receive from the first scammer.
- Advance Fee Loan Scams: Fraudulent loan brokers and other individuals misrepresent the availability of credit and credit terms, often stating that they guarantee you will get a loan or other type of credit - but you must pay to apply.
- Credit Card Protection Scams: Telemarketers misrepresent that they are affiliated with a credit card company and offer plans to limit your liability for lost or stolen credit cards. This is done even though federal law limits such liability to no more than \$50.00.

Tip-Offs to Telemarketing Fraud

Common statements or "lines" from fraudulent telemarketers include the following:

- You must act "now"--or the offer won't be good.
- You've won a "free" gift, vacation, or prize--but you have to pay for "postage and handling" or other charges.
- In order to pay for goods or services, you must send money, give a credit card or bank account number, or have a check picked up by courier.
- You don't need to check out the company with anyone.
- You don't need any written information about the company.
- You can't afford to miss this "high-profit, no-risk" offer.

Reporting Telemarketing Fraud

You should always report telemarketing fraud. One organization that can help is the National Fraud Information Center. Call the Center at 1-800-876-7060 or go to www.fraud.org. The line is open Monday through Friday 9: 00 am to 5: 00 pm (Eastern Time). Operators are available to give you guidance as to whether a telemarketing call appears fraudulent. If so, the Center can help you file complaints with government agencies such as the Federal Trade Commission (FTC), FBI, local consumer protection program, and your state attorney general. You can also file a complaint with these agencies directly.

Reporting the fraud may not get you the money back, but it will help prevent the scam artist from hurting others. In some cases, a government agency may take action against a company and even get some refunds. If you report the fraud, you help make sure your name is on the list of victims to get refunds.

If a Credit Card Was Used

Federal law provides valuable rights if you used a credit card to pay a telemarketer who defrauded you. The law allows you to dispute charges for goods that were never delivered or not delivered as represented. There are TWO ways you can do this:

Option 1

You can make a claim with your credit card company about the telemarketer's fraud if you meet the following three requirements:

- 1) The amount in dispute is more than \$50;
- 2) The transaction occurred in the same state or within 100 miles of your current address (You should argue that the telephone transaction occurred in your home state since that is where the telemarketer initiated the sale); and
- 3) You have made a good faith effort to resolve the matter with the telemarketer.

You will need to write a letter to the credit card company explaining how the telemarketer cheated you and your attempts to resolve the problem. You should NOT pay the amount in dispute until your claim is resolved, because payment waives your right to assert this remedy.

Option 2

If you cannot meet the requirements of Option 1 or have already paid the disputed charge, you can still claim that the charge is a billing error. (The federal government has stated that the failure to provide purchased goods or services is a billing error). The credit card company is required to start an investigation and reverse the charge if warranted. Information on how to notify your credit card company about a billing error should be included on a regular basis with your monthly credit card statements.

Telephone Charge Fraud

If the fraud involves a 900 number or pay-per-call service, the charge will appear with your local telephone bill. This is not a charge from your local telephone company. **UNDER FEDERAL LAW, YOU CANNOT BE DISCONNECTED BY YOUR LOCAL TELEPHONE COMPANY OR LONG DISTANCE CARRIER FOR FAILING TO PAY THESE CHARGES.** The law also requires telephone companies to offer you the option of blocking access from your phone to pay-per-call services. Your state law may also protect you from abusive 900 number practices.

Sometimes charges will appear on your local or long distance telephone bill for services that you never ordered. These may involve pay-per-call services or other types of services, such as club memberships or voicemail services. The practice of adding unauthorized, misleading, or deceptive charges to your phone bill is called cramming and it's illegal.

Always check your telephone bill carefully and call your local or long distance telephone company if you see any charges that you don't understand or remember ordering.

Prevent Future Fraud

Register your telephone number with federal and state "do-not-call" registries (see below for information on how to do this).

- Never let a telemarketer pressure you to make an immediate decision.
- Never give your credit card, checking account or social security number to an unknown caller.
- Before you buy something over the phone, get all information in writing, including any refund policies.
- Never pay for something just because you'll receive a "free gift." Scam artists will try to get you to buy something by making you feel guilty that you received a free gift. Don't fall for this. "Free" means free.
- Check out a telemarketer's record with your Better Business Bureau, local consumer protection program, or state attorney general.
- Never pay a telemarketer by wiring money, sending cash, money orders or personal checks, or giving anything of value to a courier. If you use these payment methods rather than a credit card, you may lose valuable rights to dispute fraudulent charges.

To stop most telemarketing calls

If you want to stop receiving calls from **most telemarketers**, whether or not you think the telemarketer is legitimate or fraudulent, you should ask to be added to the Federal Trade Commission's "Do-Not-Call" registry and any similar registry that may exist in your state. You may register online at WWW.DONOTCALL.GOV or by phone by calling 1-888-382-1222

(TTY 1-866-290-4236). You must call from the telephone number you wish to register. Registration with the FTC's do-not-call registry is free. If you register online you must provide an email address for confirmation. Once you have registered, your telephone number will remain on the registry for five years, or until it is disconnected, or until you delete it from the registry. After five years you can renew your registration. Your state may also maintain a "do-not-call" list. You can contact your state attorney general or state consumer protection program to learn if your state has such a list and how it may protect you.

You may also contact the Direct Marketing Association (DMA), which represents many businesses that engage in telemarketing and other forms of direct sales. Ask the DMA to remove your name from lists that its members use. While many fraudulent telemarketers will not respect such a request, this will stop any telemarketing calls from DMA member telemarketers. Contact the DMA at DMA Telephone Preference Service, P.O. Box 1559 , Carmel , NY 10512. Your letter should include your name, home address, home telephone number with area code, and signature, and should ask that your name be removed from telemarketers' lists. For details, see www.dmaconsumers.org.

Additional Resources

- National Consumer Law Center, Unfair and Deceptive Acts Manual (6 th ed. 200 4 and Supp.)), [includes FTC and FCC Rules applicable to Telemarketing and a list of state telemarketing fraud statutes]. For more information, see www.nclc.org or call NCLC Publications at (617) 542-9595.
- American Association of Retired Persons, 601 E St., N.W. Washington, DC 20049 www.aarp.org
- Federal Trade Commission, 600 Pennsylvania Ave., N.W. Washington, DC 20580 www.ftc.gov
- National Association of Attorneys General, 750 First Street, N.E. Suite 1100 Washington, DC 20002 www.naag.org

Advocates for elders seeking more information can call the National Consumer Law Center at (617) 542-8010.

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