

State of Utah Department of Commerce

FRANCINE A. GIANI Executive Director

THOMAS A. BRADY Deputy Director

TRACI A. GUNDERSEN

Director, Division of Consumer Protection

March 5, 2013

MEDIA ALERT

Consumer Protection releases Top Ten Consumer Complaints in 2012 as part of 15th annual National Consumer Protection Week (NCPW)

"Division of Consumer Protection joins federal, state and local agencies in recognizing National Consumer Protection Week, March 3-9, 2013" (For immediate release...)

SALT LAKE CITY, Utah - Francine A. Giani, Executive Director of the Utah Department of Commerce, announced today that the Utah Division of Consumer Protection is releasing its annual Top Ten Consumer Complaints as part of the 15th annual National Consumer Protection Week from March 3-9, 2013. The Division is also highlighting the Federal Trade Commission's 2012 "Consumer Sentinel" report which tracks Utah consumer complaints to the federal agency.

"Consumers of all ages remain the prime target for fraudsters who seek new ways to profit by deception," warned Francine A. Giani, "Our Division hopes that by sharing this list, Utahns will be aware of the scams circling our state and be able to protect their families against fraud."

According to the 2012 Federal Trade Commission (FTC) state-by-state "Consumer Sentinel" report, Utah consumers reported 9,907 complaints to the federal agency between January 1 and December 31, 2012 in the following categories;

<u>Rank</u>	Top Categories (Complaints	Percentage
1)	Debt Collection	1,293	13%
2)	Shop-at-Home, Catalog Sales	768	8%
3)	Banks and Lenders	675	7%
4)	Telephone and Mobile Services	629	6%
5)	Internet Services	556	6%
6)	Imposter Scams	548	6%
7)	Auto Related Complaints	533	5%
8)	Foreign Money Offers, Counterfeit Check Sca	ms 372	4%
9)	Prizes, Sweepstakes, and Lotteries	358	4%
10)	Credit Cards	310	3%

At the state level, the Division of Consumer Protection saw the number one complaint about coaching services represent 26% of total complaints received by the Division.

"Coaching services offering big profit promises remain an attractive pitch for consumers who end up losing thousands of dollars while chasing an offer that never delivers," stated Traci Gundersen, Division Director.

The Division's Top Ten List of Consumer Complaints is as follows;

Top Ten Consumer Complaints

- Coaching Services: Coaching services are offered to purchasers of business opportunities. These services tend to cost many thousands of dollars more than the original business opportunity. Some of the deceptive practices common to this type of complaint are the misrepresentation of potential earnings and the qualifications or experience of the coaches. These companies often obligate consumers for services from which they will receive little if any benefit.
- 2. <u>Deposits/Refunds</u>: The deceptive practices that are common to this category of complaints include the, the failure to make refunds when required and the failure to disclose refund policies.
- 3. Retail Sales: The deceptive practices that are common to this category of complaints include the failure to deliver products during the time frame represented (or if no time frame is represented, within 30-days), providing a product or service that is only similar to the product or service purchased but does not have the same qualities, or is of a different model or type of product or service and to fail to honor warranties the failure to deliver products in the time represented, the failure to make refunds when required, the failure to disclose refund policies, and the failure to honor warranties.
- 4. <u>E-Commerce/Internet Offers</u>: Deceptive practices conducted over the Internet continue to dominate the types of scams that the Division receives. Con artists are able to use the Internet to exploit the consumer's vulnerability. There are several reasons for this. The pitch is made in the privacy of the consumer's home where the consumer is less guarded. Consumers tend to believe what they read. The method

of payment is quick and easy. Finally, consumers have little recourse if they find themselves victims of deceptive practices. Some of the more common tactics used are the unauthorized debiting of a consumer's bank account, the automatic billing of a monthly fee until notice of cancellation is received (negative option), and the failure to provide any applicable right of rescission.

- 5. <u>Model/Talent/ Acting Offers:</u> Consumers are led to believe that their child is special and would make a great actor. The victim's love of their children coupled with the flattery being presented to the victim by the con artist make this type of scam easy to work. Consumers are pressured into purchasing costly classes and enter into contracts where fees are paid to the agency before any work is secured for the client.
- 6. <u>Telemarketing:</u> Scams involve telemarketers making misrepresentations to get consumer to sign up for a product or service.
- 7. <u>Personal Services:</u> Complaints reflect scams involving lawn care, television subscriber services, etc.
- 8. <u>Alarm Systems:</u> Alarm systems are often sold door-to-door with aggressive sales tactics. In many instances, the company sells a new service as if it were an upgrade to an existing service resulting in the consumer being obligated to pay on two separate contracts.
- 9. <u>Auto Repairs/Sales</u>: Repairs: Failure to disclose refund policies, failure to obtain consumer's express authorization prior to repair, unnecessary repairs. Sales: Misrepresentations in advertising or sales, aggressive sales practices, contracts with incapacitated or vulnerable purchaser.
- 10. <u>Home Improvement/Repair</u>: The deceptive practices include the failure of the contractor to provide the service after receiving the consumer's deposit, the failure of the contractor to honor its warranties, the misrepresentation of the work of another as being the work of the contractor, and the refusal by the contractor to continue working until the consumer agrees to a higher price.

For more information on the 15th annual National Consumer Protection Week, log on to www.ncpw.gov

For more information or to file a consumer complaint contact the Utah Division of Consumer Protection at (801) 530-6601 or log on to; www.consumerprotection.utah.gov

For media enquiries:

Jennifer Bolton

Public Information Officer Utah Department of Commerce

(801) 530-6646 office

(801) 652-8322 cell

Follow us on Twitter@UtahCommerce