



Missouri Attorney General

Attorney General's News Release

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AG Koster announces top 10 scams for 2010 -- debt collectors lead consumer complaints --

Jefferson City, Mo. – Attorney General Chris Koster today released the top 10 consumer complaints and scams reported to his office in 2010. Complaints against debt collectors led the list, with more than 2200 calls to the Attorney General's office from consumers.

"Even though you may be responsible for the debt the collectors are calling about, there are federal laws governing just how far the debt collector can go," Koster said. "Your best protection against harassing and abusive calls from debt collectors is to know your rights. The Federal Trade Commission's Debt Collection FAQs: A Guide for Consumers can be found on their website at <http://www.ftc.gov/>."

Koster noted that the number two scam involves telemarketers convincing consumers to provide their debit card or credit card numbers and then using those numbers fraudulently. He reminds consumers never to provide personal information to someone they don't know unless they have initiated the call themselves.

The Attorney General's office encourages consumers to file complaints with its Consumer Protection Hotline so the office can help mediate a complaint, investigate scams, and take legal action against businesses if necessary. Consumers can register complaints with the hotline at 800-392-8222 or online at ago.mo.gov.

Below are the top ten scams reported to the hotline in 2010:

1. **DEBT COLLECTORS** (2225 complaints) – there has been an increase in the number of complaints filed against debt collectors. Many consumers who file complaints indicate they are being harassed by debt collectors for debts they may not even owe. Others claim the debt collection agencies are abusive, threatening, and include repeated calls when attempting to collect a debt. Other complaints indicate consumers have notified the debt collection companies to cease contacting them, but without success.

In an effort to protect consumers from these abusive practices, the Attorney General has filed actions against debt collectors alleging violations of Missouri's Merchandising Practices Act. The question of whether the Attorney General has the authority to protect these consumers is before the Missouri Court of Appeals.

2. **CREDIT AND DEBIT CARD** (1575 complaints) – telemarketers continue to find ways to scam consumers out of their money. Complaints continue to rise from individuals who have had their money taken through unauthorized debits from their checking account or by accessing their credit card information. Scams such as these can occur by telephone, email, or text messaging. The Missouri Attorney General continues to advise consumers not to provide any personal information to an unknown source and/or unless they initiate the call themselves.

These high-tech thefts violate state and federal criminal laws. The Attorney General prosecutes this fraud in the sale of merchandise.

3. TELEPHONE CRAMMING (1477 complaints) – cramming happens when you receive a charge to your phone bill for services you did not order. For consumers to understand that they are a victim of telephone cramming means they have to thoroughly review their telephone bill. Cramming charges can be as small as \$1 or \$2 and consumers may not pay attention to such detail. In other cramming related charges, consumers may be charged a much higher amount and believe they actually owe the fee. The Missouri Attorney General advises consumers who notice unwarranted charges to contact your carrier and request the charge be removed.

This office has investigated numerous incidents of this fraud obtaining removal of the charges. In addition to filing a complaint with this office, consumers should notify the Missouri Public Service Commission, which regulates the carriers, at <http://www.psc.mo.gov/file-a-complaint>.

4. MORTGAGE/FORECLOSURE/LOAN MODIFICATIONS (1204 complaints) – many struggling homeowners have filed complaints concerning foreclosure on their homes and the loan modification process. Homeowners complain about the relentless requests for paperwork already provided and/or lost by the lender. In addition, complaints have been filed because consumers who actually get temporary loan modifications fail to get permanent solutions.

The Attorney General's Office has been working alongside other attorneys general in a 50-state investigation, demanding that banks stop these abusive practices.

5. HOME REPAIR AND REMODELING (1083 complaints) – complaints against home improvements/home repair contractors are usually the most common consumer complaint. The typical scammer will go door to door asking for money up front from vulnerable consumers. Most door-to-door schemes involve asphalt driveway scams, roof and chimney repairs, and remodeling work inside the home. These types of complaints involve scam artists that are not licensed, are not from the area, do not provide a detailed contract, and usually demand cash payments.

This fraud, which ranks nearly every year in the top ten, has become increasingly sophisticated with schemes designed to conceal the identities of swindlers. The Attorney General has opened investigations into several “traveler” organizations and criminal charges are pending.

6. LOTTERIES AND SWEEPSTAKES (933 complaints) – “Congratulations, you have just won \$10,000!” The Missouri Attorney General warns consumers to be leery of telephone calls, emails, or letters with statements like this. Scam artist often use the promise of a valuable prize or award to entice consumers to send money, buy overpriced products or services, or contribute to bogus charities. People who fall for their ploys may end up paying more and more for the products — if they ever get them at all. Foreign lottery promotions are the largest type of lotteries that affect consumers nationwide. The Missouri Attorney General warns consumers not to pay to collect their winnings. Also, don't wire or transfer funds to a company pretending to be legitimate. Once you do this, it is very difficult to find the con artist to recoup your money.
7. PRE-NEED BURIAL PLANS/FUNERAL HOME/CEMETARIES (887 complaints) – the Missouri Attorney General actively pursues companies that do not properly handle money paid to them by consumers for pre-need services. Under Missouri law, the funeral home is required to put 80 percent of the purchase price into a trust fund accessible only to cover funeral expenses. Consumers have a right to see a record of all transactions on their behalf in the trust account.

You can cancel a pre-paid funeral plan at any time and get your payments refunded, minus 20 percent of the original purchase price. As an alternative to pre-paid funerals, consumers can set money aside in their own savings or trust account, to be used for a funeral at the time of death.

The sale of these contracts are now regulated by a state board in the Missouri Division of Professional Registration. Consumers should also consider filing any complaints with the division at <http://pr.mo.gov/embalmers.asp>.

8. CABLE/SATELLITE SERVICES (864 complaints) – complaints with cable and satellite companies continue to be on the rise. In addition to faulty installations and price discrepancies, many consumers have filed complaints with regard to cable and satellite companies ceasing free programming or channels in which consumers purchased specific packages, such as NFL. This past year, the Attorney General has aggressively pursued companies such as Dish Network and Direct TV to

prevent further deceptive and unfair practices.

9. AUTOMOBILE REPAIR – (644 complaints) automobile repairs make up one of the largest groups of consumer complaints. While most repair shops are honest, it is very easy for an unethical mechanic to convince car owners that unnecessary repairs are needed because the average person does not know much about their car. People often have no idea that they have been ripped off. The Attorney General advises consumers to make sure they get a written estimate before repairs are made, have repairs made by a certified mechanic who honors the existing warranty, and make sure repairs are guaranteed.

While the number of complaints against any particular repair shop may not be large, consumers should also investigate the company by checking complaints with the Attorney General's Know Mo business complaint database at [http://www.consumer.ago.mo.gov/Know MO/](http://www.consumer.ago.mo.gov/Know_MO/).

10. AUTOMOBILE WARRANTY/SERVICE CONTRACTS (624 complaints) – the Missouri Attorney General continues to receive complaints from consumers who purchased automobile extended service contracts. Complaints vary from misleading purchases through the telemarketers selling the product, refunds, and undisclosed limitations on coverage.

Since the Attorney General began prosecuting marketers and sellers of these extended mechanical coverage contracts and formed the Attorney General's Auto Service Contract Task Force, these complaints have dropped from the top of the list in 2009 to tenth. This year the Attorney General's office will work with the Missouri legislature to pass needed improvements in consumer protection laws so that consumers will have the information they need to make an informed decision before they pay for the contract.