



NEW YORK STATE SENATOR

Andrew J. Lanza

NY'S Top 10 Consumer Frauds of 2013

ANDREW J LANZA July 18, 2014

Internet, Automobile And Credit Issues Were Top Frauds Reported

Senator Lanza Provides Tips To New Yorkers

Senator Andrew Lanza today reported the list of the top 10 consumer fraud complaints received by the NY Attorney General's Office in 2013. In addition to highlighting the scams most reported by New Yorkers, Lanza offered tips on how to avoid them in the future.

In 2013, internet-related complaints topped the list (4,753), followed by automobile-related scams and credit-related complaints that involved debt collection, credit card billing and identity theft, with 2614 and 2295 complaints respectively.

In addition, the Attorney General's Office continues to receive a large number of mortgage-related complaints (more than 1,700) demonstrating the extent to which consumers who are struggling to stay on top of their mortgages are being targeted by fraudulent and unscrupulous loan modification consultants. In June 2012, New York State announced the Homeowner Protection Program (HOPP), a \$60 million program to fund legal service providers and housing counseling organizations serving at-risk homeowners across New York. Homeowners who need assistance can call 1-855-HOME-456 to be connected with a counselor within 24 hours.

The following is the 2013 list of the top 10 consumer complaints by category:

| CATEGORY | NUMBER OF COMPLAINTS |
|--|----------------------|
| 1. Internet (privacy issues; spyware; consumer frauds) | 4,753 |

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| 2. Automobile (buying; leasing; repair; service contracts; rentals) | 2,614 |
| 3. Credit (debt collection; credit card billing; debt settlement; payday loans; credit repair; credit reporting agencies; identity theft) | 2,295 |
| 4. Consumer-Related Services (security systems; restaurant/catering services; tech repairs; dating services) | 2,158 |
| 5. Mortgage (mortgage modifications; mortgage and loan broker fraud; foreclosures) | 1,748 |
| 6. Landlord / Tenant (deposit releases; tenant harassment) | 1,733 |
| 7. Furniture / Major Household Appliances | 1,168 |
| 8. Home Repair / Construction (home improvement services not delivered or done poorly) | 995 |
| 9. Retail Sales (any sale of goods: food; clothing; rent to own; wholesale clubs; price gouging) | 913 |
| 10. Mail Order (purchases made online or from a catalog) | 816 |

Senator Lanza also provided a list of tips all consumers should use to protect themselves and their families:

- **Internet:** Always make sure websites are secure before providing any financial information, such as a credit card or bank account number. Secure website addresses start with “https” and have a symbol, such as a lock. These secure sites are encrypted to scramble your information as it is transmitted over the Internet to keep it secure.

- **Credit:** Debt collection is the most common type of credit fraud, and consumers must know their rights. Debt collectors may not harass or abuse consumers, or provide misleading information – for instance, claiming to represent a government agency. Anyone with credit problems should contact non-profit credit counseling agencies licensed by the New York State Department of Financial Services for assistance in managing the situation and avoiding collection scams.
- **Automobile:** Many automobile complaints relate to leasing, and New Yorkers should know that they are protected by the strongest auto-leasing law in the country. The law allows consumers to shop around for the best deal when leasing a car and set limits on early termination, and even gives the Attorney General’s Office jurisdiction to resolve excess wear-and-tear disputes.
- **Consumer-Related Services:** We rely on a range of services in our day-to-day living, from snow removal to home repair to party planning. Make sure to use a written contract for all services that clearly defines restrictions and obligations of both the consumer and service provider.
- **Landlord/Tenant:** Landlords are required to keeping records of all notices, inspections and repair matters related to the residence. This is especially important for issues like lead paint – which was prevalent in the 1960s and poses a significant threat to children. Ask your landlord for documentation to ensure that your building is up to code.
- **Mortgage:** Mortgage rescue scams prey on homeowners in their greatest time of need. Look out for offers that will stop or delay foreclosure payments for an upfront fee or make payments on your behalf. Beware of companies that suggest a government affiliation or claim to be with the government, or those that work with attorneys but do not provide the services promised. Call our toll-free Homeowner Protection Program (HOPP) hotline at 1-855-HOME-456 to find a free non-profit housing counselor or legal services organization that can help you.
- **Home Repair/Construction:** The biggest and most important investment families will make is their home, and improvements should add value, not hardship. Before entering into a contract, shop around for estimates, check with the Better Business Bureau, banks, suppliers and neighbors for references, and know your rights: You have three days after signing a home improvement contract to cancel it. Home improvement contractors must be licensed in New York City, Suffolk, Nassau, Westchester, Putnam, and Rockland counties.

- **Retail Sales:** Retail gift cards have become increasingly popular. However, consumers should be careful to buy only from retailers they know and trust. If you buy a card from a company that files for bankruptcy or goes out of business, the card may be worth less than what you paid. Consumers should also read the rules on the card to know what fees and conditions apply. New rules now provide that money on a gift card cannot expire for at least five years from the date the card was purchased, or from the last date any additional money was added to the card. Inactivity fees can be charged only if the card has not been used for at least one year.
- **Mail Order:** Whether ordering online or from a catalog, make sure the company has an operating customer service line and lists a real street address. Companies operating on a “fly-by-night” basis often have no working customer service number and list only a post office box.
- **Telecommunications:** Consumers should check their landline and wireless phone bills for unauthorized third party charges for non-call-related services like email, website hosting, discount buying programs or voicemail services. “Cramming,” as this practice is called, can occur when companies trick consumers into allowing such charges through sweepstakes entries, surveys, websites, and contests. Some businesses use misleading and deceptive ads promising “free” services or products to get your name and telephone number and then charge you for a service you don't need or want. If you see unauthorized charges on your bill, tell your telephone company that you dispute the charges and ask that they be removed.

Senator Lanza reminded New Yorkers that in addition to being vigilant consumers, they should also report instances of fraud to his office.

Consumers are encouraged to file **complaints** by visiting the Attorney General's website or calling 1-800-771-7755.

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