



CONSUMER ADVOCATE

A publication from the Consumer Protection Section of the Office of Ohio Attorney General Richard Cordray

NATIONAL CONSUMER PROTECTION WEEK IS MARCH 7-13

Mark your calendars! National Consumer Protection Week (NCPW) is March 7-13, when consumer advocates will travel throughout Ohio to help you and your family make the most of your money.

Agency, Internal Revenue Service, U.S. Postal Service, Social Security Administration, Ohio Better Business Bureaus, Federal Trade Commission, the Office of Senator Sherrod Brown, Pro Seniors and housing counseling agencies.

NCPW partners will host financial fairs, community forums and educational workshops. They'll provide you with the information and tools you need to manage your money, prevent identity theft, understand your credit and avoid unfair and deceptive business practices.

PROTECT YOURSELF FROM CONSUMER FRAUD

NCPW partners include Ohio Attorney General Richard Cordray's office, Ohio Department of Commerce, Ohio Department of Aging, Ohio Department of Insurance, Office of the Ohio Consumers' Counsel, the Ohio Housing Finance

To find an event near you, visit www.OhioAttorneyGeneral.gov/NCPW or call (800) 282-0515.

If you can't make it to NCPW, you can request a consumer speaker any time of the year at www.OhioAttorneyGeneral.gov/ConsumerWorkshops.

REPORT A SCAM: IT'S EASIER THAN EVER

Have you received a suspicious e-mail, a fishy phone call or an unexpected check in the mail? Let us know about it.

Using our new "report a scam" tool, you can quickly and easily submit information any time you suspect a scam. The information you provide will be used to help the Attorney General's Office track trends and alert the public about emerging scams.

Even if you haven't lost any money or aren't sure it's a scam, take a few seconds to submit a report. By doing so, you're playing a critical role in keeping Ohioans safe.

To report a scam, visit www.OhioAttorneyGeneral.gov/ReportaScam.

WHY CREDIT CARDS JUST GOT BETTER FOR CONSUMERS

New credit card protections take effect Feb. 22, and to help you understand the key changes, we have outlined what credit cards were like before the new law (the Credit CARD Act) and how they're different now.

Rate increases

BEFORE THE CARD ACT: Credit card companies could increase your interest rate at any time for any reason.

NOW: In general, credit card companies can't increase your rates within the first year after you open a new account. They

also can't increase the rate to an existing credit card balance. If they do plan to increase your rate, they must give you a 45-day notice and the opportunity to cancel the card.

Universal default

BEFORE: In a practice called universal default, credit card companies could up your card's interest rate if you were late on *other* separate payments, such as your utility bills or cell phone bill.

NOW: This practice is illegal; credit card companies can't raise the rate you pay on

a credit card because of the way you pay other bills.

Over-the-limit fees

BEFORE: Credit card companies could tack on an extra fee if you went over your credit card limit, even if you didn't intend to go over the limit. For example, you could get a \$30 fee for charging \$8,009 on an \$8,000-limit credit card.

NOW: You must opt-in if you want to accept over-the-limit fees and the ability to charge more than your limit. Without your approval,

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THE UGLY TRUTH BEHIND REFUND ANTICIPATION LOANS

If you've seen ads for "fast cash refunds" or "instant tax refunds" you may think these are products to help you get your tax refund early this year. In reality, they are short-term, high-cost loans called refund anticipation loans (RALs).

RALs are secured by a consumer's expected tax refund, and they're often a bad deal for consumers. Filing fees, tax preparation fees and interest may eat up about 25% of a consumer's tax refund.

RALs are used widely by low to moderate income consumers. According to Policy Matters Ohio, for tax returns filed in 2007, nearly 50% of all Ohioans who received a federal tax benefit called the Earned Income Tax Credit (EITC) obtained a RAL or similar product. Furthermore, 75% of EITC recipients who used paid tax preparers obtained these products.

The IRS has pledged to form a working group to review these products, but in the meantime, you can report unfair business practices involving RALs to the Ohio Attorney General's Office. Unfair or deceptive practices may include advertising RALs but failing to clearly disclose that they are loans, not early refunds and referring to a RAL as a refund, not a loan.

Report any suspicious or unfair practices by filing a consumer complaint at www.OhioAttorneyGeneral.gov/ConsumerComplaint or by calling (800) 282-0515.

HELPING CONSUMERS RESOLVE COMPLAINTS

A 94-year-old Medina County consumer thought she was just purchasing hearing aids. In reality, she was also applying for a credit card. After learning about the credit card, she was slapped with an \$8,000 bill for the hearing aids. The company said she couldn't return the hearing aids, even though Ohio's Hearing Aid Returns Act gives consumers 30 days to cancel this type of purchase.

Feeling frustrated, the consumer filed a complaint with the Attorney General's Office. With help from a specialist, the company agreed to refund her money.

If you have a consumer problem that you can't solve on your own, file a complaint with our office. We'll do everything we can to help you resolve it.

CREDIT CARDS

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credit card companies can't allow you to charge more than your limit and then assess a fee.

Credit cards for consumers under 21

BEFORE: Credit card companies could issue credit cards to young consumers regardless of their income or ability to pay for the card.

NOW: Now, credit card companies can't issue credit cards to consumers under 21 years old unless the consumer demonstrates the ability to pay or has a co-signer, such as a parent, guardian or spouse.

Payment allocation

BEFORE: Credit card companies could charge you interest over two billing cycles ("double billing"), penalizing even those consumers who paid off their balances. Plus, if you had multiple balances with different interest rates, your credit card company could allocate your payments to the lower-rate balance first, meaning you would continue to pay more in interest for carrying the higher-rate balance.

NOW: Credit card providers must allocate your payments fairly. They can only impose interest charges for the current billing cycle (no double billing), and if you make more than the minimum payment on your credit card bill, they can't allocate payments to the lowest interest rate balances first.

The Credit Card Accountability, Responsibility and Disclosure Act (Credit CARD Act) was passed by Congress and signed by the president in 2009. In January, the Federal Reserve finalized rules for implementing the law. Most major provisions take effect Feb. 22, but some additional protections will begin this summer.

For more information on the new credit card regulations, visit the consumer information page on the Federal Reserve's Web site, www.federalreserve.gov.

WANT UPDATES?

- Receive the Consumer Advocate via e-mail by signing up at www.OhioAttorneyGeneral.gov/ConsumerAdvocate.
- Receive news and updates from the Ohio Attorney General's Office by signing up at www.OhioAttorneyGeneral.gov.
- Visit www.OhioAttorneyGeneral.gov for more information.