



Ohio Attorney General's
**Consumer Advocate
Newsletter**

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Scam Alert: 'Free' Gift Cards

As the holiday season approaches, Ohio Attorney General Mike DeWine recommends learning to identify scams targeting holiday shoppers.

In one scam, consumers receive a letter claiming they have won "free gift cards" to reputable retail and grocery stores. The letter prompts the consumer to activate the card by calling a phone number provided in the letter. Once the consumer calls, the "company" demands a bank account number to cover a \$3.95 "activation fee."

In reality, the letter is counterfeit. It may be printed on letterhead resembling that of a reputable store, but the gift cards do not exist, and consumers who respond to the letter risk revealing their bank account number, mailing address, name, and phone number to scammers.

Consumers also may receive text messages claiming they have won a gift card. To claim the prize, they are instructed to click on a link in the message or send a text message to a certain number. Despite the enticing claims in the message, the offer is phony, and if consumers respond, they are disclosing personal information to the senders.

Recent reports also indicate scammers are tampering with publicly displayed gift cards found in local grocery stores. Criminals use small, inexpensive magnetic-stripe scanners to quickly record and store account and PIN numbers located on the front and back of legitimate gift cards.

The criminals exit the store and then wait a few days for consumers to purchase the cards. Once the cards have been purchased, the criminals dial the number listed on the back of the gift card, then punch in the account and PIN numbers. The criminals use this information to access redeemable gift cards.

Unfortunately, consumers may not realize that the card balance has been stolen until after the holiday season. By that time, it may be nearly impossible to recover the money or catch the perpetrator.

How to protect yourself

If you receive an unsolicited letter in the mail claiming you have won a gift card, do not call the phone number listed or respond in any other way. By contacting the "company," you are verifying that the address is valid and may be revealing other personal information.

You should not have to pay a fee for something that is "free." Legitimate prizes require no purchase. If you receive a similar letter in the mail, contact the retail store — using information listed from a reliable source, not the letter — and report the scam.

Consider purchasing gift cards directly from retail stores' websites. Ensure that the website address reads "https" — rather than "http" — prior to entering any personal information. The "s" indicates that the website is secure.

If you opt to purchase gift cards in-store, make sure to inspect the packaging prior to purchase. Do not purchase a gift card if the packaging is broken or torn.

Contact the Ohio Attorney General's Office at 800-282-0515 or www.OhioAttorneyGeneral.gov for more information or to report a scam.

Winter Weather Tips for Saving Money

As you brace yourself for a long Ohio winter, take steps to save money and stay safe. Follow these tips to help ensure your winter-weather transactions go smoothly:

- **Check a business' reputation with the Ohio Attorney General's Office and the Better Business Bureau.** You can search for complaints filed against a particular business on the Ohio Attorney General's website. With the Better Business Bureau, you can find complaint information, business information (such as ownership and government action against the business), and a rating for the business.
- **Gather information from trade associations.** For specific types of work, consider checking with trade organizations. For example, before having your chimney cleaned, contact the Chimney Safety Institute of America (CSIA). Although chimney sweeps are not legally required to be certified through the CSIA, it may be a good place to start your search for a chimney cleaner.
- **Get multiple estimates.** Hiring a professional to plow your driveway or clear your walkways this winter? Get estimates from several businesses. Also ask for references of past customers, and contact those individuals to ask about their experiences with the business.
- **Make sure all details are in writing.** Once you decide on a business, insist on a written contract. Check to see that the contract includes all important details, such as a timeline for when the work will begin and end, and who will be performing the work.
- **Determine payment options.** Ask about different payment options, such as paying per plow or in installments rather than one lump sum at the beginning of the season. Ensure that any information about payment is included in the written contract.
- **For propane-filling emergencies, contact the Ohio Attorney General.** While the Public Utilities Commission regulates most utilities, the Ohio Attorney General's Office has jurisdiction over propane, and you may file a complaint with the office about propane issues. If the propane tank you use for home heating is less than 10 percent full and you need an emergency fill, contact the Ohio Attorney General's Office at 800-282-0515. The office may be able to work with your propane company to obtain prompt delivery of your propane. For complaints involving other utilities, contact the Ohio Public Utilities Commission at www.puco.ohio.gov or 800-686-7826.
- **Give your vehicle a check-up.** The winter season can be challenging for vehicles and drivers alike. Be prepared at all times with emergency supplies such as ice scrapers, shovels, blankets, flashlights, water, and food. You never know when you might need these potentially life-saving supplies. Take your car in for regular maintenance checks, which can reduce the risk of problems on the road and save you money. Regularly check the oil, brake fluid, windshield wiper fluid, and tire pressure.

As always, if you believe you have been treated unfairly in a consumer transaction, file a complaint with the Ohio Attorney General's Office at www.OhioAttorneyGeneral.gov or 800-282-0515.

Payday Loans Pack an Interest Rate Punch

When cash is in short supply, a payday loan may sound like a wonderful solution. A short-term payday loan can help you purchase what you need before your next paycheck. While you might be tempted to apply for a payday loan if strapped for cash, you may want to think twice.

Payday loans originated as loan amounts equal to the amount of the borrower's paycheck. Now, consumers can receive payday loans at any time, and generally a payday loan refers to a short-term loan between \$100 and \$500.

A payday loan works like this: You apply for a loan either online or in person. You may have to prove some sort of income through a paystub. The lender deposits the loan directly into a checking account with the expectation that you will pay it back within a specified time period, usually about two weeks. The interest rates for the loans are very high, so it can be hard to pay back the loan immediately. A typical payday loan interest rate is about \$15 on every \$100 borrowed. While this may not seem high, the Annual Percentage Rate (APR) is more than 390 percent, and consumers often struggle to pay off the balance while covering other expenses. If the loan is extended, you likely will be charged additional fees, resulting in higher amounts of money owed.

According to the Pew Charitable Trusts' Safe Small-Dollar Loans Research Project, about 5.5 percent of adults in the continental United States and about 10 percent of Ohioans have used a payday loan in the past five years. Most people who receive a payday loan utilize a storefront rather than applying for one online (though Ohioans should be wary of online payday lenders). The study found that people who use payday loans take out an average of eight loans per year averaging \$375 each. Consumers spend about \$520 on interest payments for these loans every year.

To avoid the high cost of payday loans, consider alternatives such as:

- Cutting back on expenses
- Going to a bank or credit union for a short-term loan
- Borrowing from friends or family members
- Contacting your creditors to create an alternative payment plan

These alternatives may not be ideal, but they could cost you much less in the end. If you decide you need a payday loan, make sure you read and understand the terms and conditions, including interest rates, payback dates, and extension fees.

For an overview on payday loan regulations and who uses payday loans, visit www.pewstates.org.

Be Wary of Online Vehicle Sales

Ohio consumers are reporting vehicle sales fraud involving online marketplaces. Scam artists tell exaggerated stories to lure consumers into wire-transferring large sums of money for vehicles that don't exist. In most cases, wire transferred funds are nearly impossible to recover. Learn how to identify these scams and protect yourself when shopping for vehicles online.

The dangers of purchasing vehicles online

In one recent case, an Ohio consumer submitted a few inquiries to a well-known car sales website. A “seller” — claiming to have a truck for sale at less than its market value — contacted the consumer. The seller explained that he wanted to sell the truck as soon as possible because it reminded him of his deceased wife.

The consumer agreed to purchase the truck, received an invoice by e-mail, and then wire-transferred the money for the vehicle to Seattle. The “seller” agreed to have the vehicle shipped from Oklahoma City. The consumer sent the money, but the vehicle never arrived. Ultimately, the scam cost the consumer \$5,528, including wire fees.

How to protect yourself

If you are in the market for a new vehicle, consult local, reputable dealers or individual sellers in the area. Don’t rely solely on information you find online. If you decide to purchase a vehicle online, make sure you can meet the seller in person to inspect the vehicle.

Be wary of any sellers who ask you to send payment via wire transfer, even if it’s a bank-to-bank wire transfer. Similarly, be skeptical of sellers who offer you a discount to send payment outside the website’s established payment system. Even an official-looking invoice that appears to be from a well-known website could be phony.

Also, be suspicious if the seller advertises the vehicle for less than its retail market value and provides an elaborate story as to why. Scammers often incorporate stories to trick consumers into thinking that the deal is too good to pass up.

Remember, if the “deal” sounds too good to be true, it probably is.

If you lose money in an online vehicle sale scam, file a police report and report the scam to the payment service you used. For example, if you wired the money, file a report with the wire-transfer company.

Also, contact the Ohio Attorney General’s Office at 800-282-0515 or www.OhioAttorneyGeneral.gov to report a potential scam or to get more information.



For more information, contact Ohio Attorney General Mike DeWine’s Consumer Protection Section at **800-282-0515** or **www.OhioAttorneyGeneral.gov**.