

# Ohio Attorney General's Consumer Advocate Newsletter

Keeping Consumers Safe and Informed



April 2022



## Watch Out for Home Improvement Scams

As outside temperatures heat up, Ohioans will undoubtedly dive-in to new home improvement projects ranging from staining decks to installing new roofs. Many contractors do a great job, but unfortunately some contractors prove to be less than reputable. It's important to do your homework before hiring a contractor; this includes getting more than one estimate, asking for references, and avoiding large down payments.

While there are many legitimate contractors, home improvement scammers often ask for large down payments but simply take the money and run, leaving homeowners with no repairs and no refunds.

Then, they usually move on to another customer to repeat their scheme. Some unscrupulous contractors may start a significant project only to stop their work without any notice, leaving the job unfinished. They may try to stall with false promises to finish the job, or they may ignore phone calls altogether. Others may simply perform shoddy work, leaving homeowners with projects that need to be completely redone.

One way to avoid becoming a victim of home improvement scams is to thoroughly vet the contractor before hiring them. Research guidelines include:

- **Get recommendations.** Successful contractors will make it easy to access feedback on their work and related documentation.
- **Research multiple contractors.** Obtaining at least three written estimates from three different contractors could help you weed out bad apples. Beware of contractors that have only a few projects for you to review.
- **Ask for licensing, certification and proof of insurance.** Depending on the project you are going to undertake, this may be important to the safety of your renovation.
- **Go online.** Check out the company's reputation with the [Ohio Attorney General's Office](#) and the [Better Business Bureau](#). You can also search for [previous lawsuits](#) filed by the Attorney General's Consumer Protection Section.

Follow these tips to help avoid becoming a scammer's next victim:

- Do not make a large down payment. Instead, pay in increments – for example, one-third at the beginning of the job, one-third after half of the work is completed to your satisfaction and one-third when the job is completed.
- Avoid paying in cash. It leaves you with a limited paper trail if something goes wrong.
- Get all promises in writing.
- Be cautious of contractors who want payment made out to themselves as individuals, instead of a company.
- Understand that Ohio's Home Solicitation Sales Act provides consumers with a three-day cancellation period for most contracts signed at their own home. The law also applies to contracts signed at any location that is not a company's normal place of business (such as a home improvement show).
- Look for the red flags of a traveling scam artist. If a contractor claims to have leftover materials from a nearby job or offers unbelievably low prices, be suspicious.

Consumers who suspect a scam or an unfair business practice should contact the Ohio Attorney General's Office at [www.OhioProtects.org](http://www.OhioProtects.org) or 800-282-0515.

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## Attorney General Yost Warns of Travel Scams

Leaving on a jet plane? Before packing your bags, consumers should beware of travel scams during peak travel months.

“Congratulations! You have won a FREE vacation!” Most offers like this are not truly free.

In Ohio, if a seller advertises that a consumer has won a free vacation or other prize, the advertisement must state important exclusions and limitations of the offer. For example, if a consumer is required to listen to a sales presentation about travel club memberships in order to receive a free cruise, that requirement must be disclosed in the ad.

Additionally, if a sale takes place outside a seller’s normal place of business, such as at a hotel meeting room, the consumer likely is entitled to a three-day grace period to cancel the sale under Ohio’s Home Solicitation Sales Act. Under this law, sellers must notify consumers of their cancellation rights.

Consumers might get free-vacation solicitations by way of letter, email, a traditional phone call, or robocall – a recent trend. Many of these “prizes” are actually traps in which you’ll have to pay hefty fees to claim the vacation or give your credit card number to verify your eligibility, potentially resulting in identity theft.

In addition to the not so free “free trips,” watch out for scams such as pre-paid vacation certificates and the bait and switch.

Pre-paid vacation certificates can be sold by legitimate companies. When used in a scam, the seller will delay the use of the certificate by saying the dates you would like to travel are unavailable, until you just give up.

With the bait and switch scam, be suspicious of offers for hotel rooms or Airbnb’s that are unusually inexpensive for what is advertised. In many cases, the hotel or Airbnb is run-down, missing amenities, in a deserted part of town, and won’t refund your money.

“If you’ve got ocean front property in Fort Lauderdale for a week at \$5 a night, run screaming the other way. It’s not real,” Attorney General Dave Yost said. “Somebody is trying to steal from you.”

To avoid problems with travel services, consumers should:

- Research companies before doing business with them. Look for complaints filed with the [Ohio Attorney General’s Office](#) and [Better Business Bureau](#). [Search for lawsuits](#) that the Ohio Attorney General has filed against individuals and businesses that violate the state’s consumer laws. Also, search online for reviews using the company’s name and words like “reviews” or “complaints.”
- Be cautious of firms that ask you to pay before confirming reservations. Most reputable travel agents will confirm before payment.
- Make sure verbal promises are put in writing. Otherwise, they’re not guaranteed.
- Consider paying with a credit card. You generally have stronger protections to dispute credit card charges if something goes wrong.
- Be wary of vacation offers that are “good today only.”

- Verify your reservations. If you book a trip through a third party, call the resort or hotel where you will be staying to confirm your reservation.

Is a travel club membership worth it? A travel club, sometimes also called a vacation club, is a monthly or annual membership program that offers discounts on airline tickets, hotel rooms or rental cars. They have a lot of the same expenses and destinations, but in a travel club, members vacation together. The company gets them group rates, so they usually pay less for memberships and fees than vacation club members.

Questions to ask before signing up for a travel club membership include:

- Will you have to take several trips per year to get any savings?
- Do trips book up quickly, limiting your ability to schedule a vacation?
- Can you find similar or better deals yourself online?
- What is the cancellation policy?
- Are deposits refundable?
- Are there any non-refundable fees?
- Will you get a refund if a trip is canceled because of a natural disaster or bad weather?
- Will you have to pay an extra fee if you change your reservations or reschedule a trip?
- What's the total cost of the membership?
- Will additional fees kick in later, after you sign the agreement?

Consumers who suspect a scam or who have problems they can't resolve on their own should contact the Ohio Attorney General's Office at [www.OhioProtects.org](http://www.OhioProtects.org) or 800-282-0515. The office provides a free informal dispute resolution process to help resolve complaints. It also takes enforcement actions against travel services that violate Ohio's consumer protection laws.

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## Learn About Ohio's Consumer Protection Laws

The Ohio Attorney General has enforcement authority over more than 25 laws designed to protect consumers. When consumer laws are discussed in Ohio, many cite the expansive Consumer Sales Practices Act (CSPA), which aims to generally protect consumers against unfair, deceptive or unconscionable acts or practices in connection with the solicitation or purchase that would be used for the home or personal use.

Here is a timeline of some of Ohio's lesser known consumer protection laws:

- 1973 – The Home Solicitation Sales Act creates safeguards for consumers, including the right to cancel within three days any transaction of \$25 or more that occurs at a location outside the seller's regular place of business, such as the consumer's home, a fair booth or a hotel meeting room.
- 1974 – The Anti-Pyramid Sales Act makes it illegal to participate in pyramid sales schemes, which operate like giant chain letters. Participants pay to join, then recruit others in order to profit from the new recruits' fees. Although there may be some profit for the handful of people who join at the beginning, the remaining investors generally lose all their money.

- 1976 – The Prepaid Entertainment Contracts Act protects consumers who pay in advance for the services of health spas, dance studios, diet centers, dating agencies or martial arts schools. The law gives consumers three days after their first services are available to cancel their contracts. It also sets a three-year limit for the length of these contracts.
- 1979 – The Business Opportunity Purchaser’s Protection Act gives consumers five days to cancel “business opportunity agreements.” In a business opportunity agreement, a buyer pays a seller for the right to offer, sell or distribute goods or services. Some business opportunity ventures are scams that promise quick profits but require large initial down payments.
- 1987 – The Lemon Law in Ohio protects new-car owners, covering problems that occur within the first year of purchase or the first 18,000 miles of the vehicle, whichever comes first.
- 1993 – The Credit Card Recording Act makes it unlawful for sellers to give out consumers’ Social Security numbers, credit card account numbers, expiration dates, and other personal financial information.
- 1996 – The Hearing Aid Returns Act gives consumers the right to return hearing aids within 30 days of purchase.
- 1996 – The Defective Assistive Devices Act requires one-year warranties covering the full cost of repair or replacement for products designed for consumers with disabilities, such as hearing aids, wheelchairs, motorized scooters and talking software.
- 2001 – The Certificate of Motor Vehicle Title Act gives consumers the unconditional right to cancel their motor vehicle purchase if dealers do not deliver their titles within 40 days of the purchase. The Ohio Attorney General’s Office operates a special fund to reimburse affected consumers and pursues the violating car dealers to hold them accountable and to reimburse the fund.
- 2006 – The Gift Card Act gives consumers the right to use a gift card for at least two years from its issue date. The law also states that gift cards with no expiration dates are valid until redeemed or replaced.

Please note that these are just some examples and are used for educational purposes only. The Ohio Revised Code (ORC) and the Ohio Administrative Code (OAC) are available at <http://codes.ohio.gov>.

Consumers who suspect an unfair business practice or want help addressing a consumer problem should contact the Ohio Attorney General’s Office at [www.OhioProtects.org](http://www.OhioProtects.org) or 800-282-0515.

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## **Social Media Scams Widespread Throughout Ohio and Nation**

Do you like to connect on social media? You’re not alone. According to a 2021 Pew Research Center [study](#), more than eight of every 10 consumers between 18 and 29 years old are using social media.

Think that older adults don’t connect? That would be false. The truth is that many older adults have been adapting to one or more of the social media platforms, such as Facebook, Instagram, Twitter and Pinterest. Of those between 50 and 64 years old, 73% are on social media. More than four in 10 adults 65 and older are connecting through one of these platforms.

Social media opens up new communication channels, which presents us with opportunities as well as risks. According to the Federal Trade Commission (FTC), in 2021 nearly 100,000 Americans said they had been scammed through a ploy that originated on social media, and around \$770 million was lost through ads, messages and posts distributed through these channels by con artists.

“Reports point to rampant investment, romance, and online shopping scams on social (media),” according to the FTC. “People reported losing the most money to investment scams (particularly those involving bogus cryptocurrency investments) and romance scams. More than a third of the people who lost money to romance scams said it started on Facebook or Instagram.”

Based on the FTC data, the most reports came from consumers who tried to buy a product through social media; many didn’t receive the product while others were defrauded by an imposter of a legitimate online business. Interestingly, consumers 18 to 39 years old “were more than twice as likely to report losing money than older adults.”

The following tips from the FTC will help you stay safe on social media:

- Do what you can to limit who sees your posts and information. Use your privacy settings to set limits.
- Consider opting out of targeted ads if that option is available.
- Be careful when receiving any message or post through social media indicating a “friend” needs money. It might be a hacker impersonating your friend.
- Research an online merchant before purchasing a product.
- Don’t consider a merchant that requires a wire transfer, gift card or cryptocurrency to make an online purchase. It’s very likely a scam.

To dig deeper into this topic, check out this recent edition of the FTC’s Data Spotlight.

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