



Lesson Nine

Protecting Your Money



advertising techniques

- **Information**
- **Status**
- **Peer approval**
- **Hero endorsement**
- **Sex appeal**
- **Entertainment**
- **Intelligence**
- **Independence**



examples of misleading advertising

- **Health fraud**
- **Easy credit repair**
- **“Get rich quick” schemes**
- **Product misrepresentation**
- **Scare tactics**
- **Out-of-context quotations**



rules for evaluating advertisements

Ask yourself basic questions...

- Does the ad appeal to your emotions?
- What are the special features of the product?
- Do you need those features?
- Is the ad misleading?

As you read, listen to, or watch advertisements...

- Search for deception in the ad.
- Be aware of ads that are misleading.
- Read the fine print, or listen carefully.



infomercials

How to spot an infomercial:

- The “commercial” is the same length as a TV program.
- The sponsor is identified at the beginning or end.
- One product is proclaimed superior.



DO: Protect yourself if you want to order the item:

- Pay by credit card.
- Pay by mailing a check.

DO NOT: Give your bank account number over the phone.

Remember...

- Product claims are made by the advertiser!



shopping by phone or online

Online:



- **Use a secure browser.**
- **Shop with companies that you know.**
- **Keep your password private.**
- **Pay by credit card.**
- **Keep a record of your transactions.**

Phone:



- **Ask about the company's refund and return policy.**
- **Ask about the availability of the product.**
- **Know the total cost of your order.**
- **Send your payment in by mail. (your purchase will then be covered by the telephone and mail-order rule).**



rules that protect consumers

The telephone and mail-order rule:

- Companies are required to ship the order within a set period of time.
- If your order is not shipped within set time period, the company must send you a notice of options.

The Fair Credit Billing Act:

- Sets up a procedure for the quick correction of mistakes that appear on consumer credit accounts.
- Applies to any item bought and paid for with a credit card (including items bought by phone or by mail).

The cooling-off rule:

- If you buy an item from your home (door-to-door sales), you have three days to cancel purchases of \$25 or more.
- Seller must inform you of your cancellation rights at the time of sale.



telemarketing and door-to-door fraud

Warning signs to hang up the phone or close the door!

- High-pressure sales techniques
- Insistence that you act immediately
- Offers that sound too good to be true
- A request for personal financial information
- A statement that something is free, followed by a request that you pay for something else

DO NOT:

- Do not be pushed into a decision.
- Do not buy anything on terms you don't understand.
- Do not give out personal financial information.

DO:

- Do ask for written information about the company or product.
- Do find out about refund, return, and cancellation policies.

Some telemarketing and door-to-door scams:

- sweepstakes, prize offers, travel packages, investments, charities, work-at-home schemes, magazine sales, lotteries, and business opportunities



steps to resolving consumer problems

Collect records.

Keep sales receipts, repair orders, warranties, cancelled checks, and contracts, as well as a record of your complaint.

- 1. Return item to store.**
- 2. Contact the store manager.**
- 3. Contact the company that made the product.**
- 4. Contact consumer or government agencies.**
- 5. Take legal action.**



how to state a consumer complaint

- **Go back to where you made the purchase.**
- **Contact the person who made the sale or performed the service.**
- **Calmly and accurately explain the problem.**
- **State what action you would like taken.**
- **Talk with the supervisor or manager, if necessary.**
- **Allow each person time to resolve the problem.**
- **Keep a written record of your efforts.**



how to write a complaint letter

Write to the head of the company or the person who handles consumer complaints.

- Type or write neatly.
- Be concise and courteous.
- Include:
 - your name and address.
 - your account number.
 - how you can be reached.
- Describe your purchase.
- Describe the problem.
- State the action you want taken.
- State your next action if the problem is not resolved.
- Enclose copies of related documents.

Always keep copies of all letters to and from the company!



sample complaint letter

Evan Smith
100 Rider Lane
Chicago, IL XXXXX

August 8, 2004

Brown's Best Bikes, Inc.
555 Rolling Road
Chicago, IL XXXXX

Dear Mr. Brown:

On August 1, 2004, I bought the "Rough and Ready, model 600" mountain bike from your store. When I got the bike home, I noticed that the front tire was soft. I used a hand pump to inflate the tire. After riding the bike less than a mile, the tire was soft again. I brought the bike back into your shop on 8/2. You tested the tire, told me it was fine and filled it with air.

The tire is still losing air. Every time I ride the bike, I need to pump the tire. I left detailed messages on your voicemail on 8/4 and 8/5 and you have not returned my phone calls.

I am enclosing a copy of your store warranty. It states that your store will replace defective parts on a bike within the first 30 days of purchase. According to your written policy, I am entitled to a new front tire. Please call me at 555-7045 to arrange a time for me to bring the bike in for repair. If I don't hear from you by next week, I will contact our local Better Business Bureau to help resolve this problem.

Thank you for taking care of this.

Sincerely,
Evan Smith



1. Madison received a package of greeting cards in the mail. She knows she never ordered any greeting cards. One week later, she receives a bill for the cards. What should she do?

2. Jim bought a sweater for himself over the telephone. When he received the sweater, there was a small tear in it. He returned the sweater and received a new one in good condition. However, he also received another bill. The company says he owes for two sweaters. What should Jim do?

3. Jason used a mail-order catalogue to buy new software for his computer. It has been six weeks and the software still has not arrived. What should he do?



1. Madison received a package of greeting cards in the mail. She knows she never ordered any greeting cards. One week later, she receives a bill for the cards. What should she do?

She should write a letter to the card company stating that she did not place an order and does not intend to pay for the cards. If she gets another bill, Madison might write again, asking that the company send proof of her order. If she continues to receive bills, she should notify a local or state consumer protection agency.

2. Jim bought a sweater for himself over the telephone. When he received the sweater, there was a small tear in it. He returned the sweater and received a new one in good condition. However, he also received another bill. The company says he owes for two sweaters. What should Jim do?

Jim should start by calling the company to explain the situation. If this doesn't work, he should write a letter and enclose copies of his receipts or payment information. If this doesn't work, he might contact a local or state consumer agency to assist him.

3. Jason used a mail-order catalogue to buy new software for his computer. It has been six weeks and the software still has not arrived. What should he do?

Jason should check the catalogue for a toll-free number and talk to a customer service representative. When he calls, Jason should have all information pertaining to the sale ready: date of purchase, order number, check number, product information, etc. He should document his call in writing. If this doesn't resolve the problem, he should write the company and enclose copies of relevant papers.



protect yourself from identity theft

- **Keep this information private:**

- Social security number
- Bank account numbers
- Credit card account numbers
- PINs and passwords



- **Only keep cards you need in your wallet.**
- **Keep your Social Security card in safe place.**
- **Leave your driver's license and Social Security numbers off checks.**
- **Take your credit card receipts.**
- **Tear up pre-approved credit card offers.**
- **Don't give private information over the phone unless you placed the call.**
- **Pick up new checks from the bank.**
- **Don't put private information on your computer.**
- **Check your credit card statements and phone bills carefully.**