

FTC FACTS for Consumers

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FOR THE CONSUMER

FEDERAL TRADE COMMISSION

1-877-FTC-HELP



HELP WANTED... FINDING A JOB

I saw an ad in the newspaper for jobs in corporate finance. I faxed my resume to the 800-number listed and got a call from a woman who said her company works with businesses to find employees to fill their positions. She said the service would cost me \$495, but the fee was fully refundable if I was dissatisfied or found a job on my own. She guaranteed me interview opportunities and told me that if I found a job through her company, there was a good chance my new employer would reimburse me for the fee. I never got any interviews, let alone a refund, and now I can't even get the company to return my calls.

— paraphrased from a sample complaint letter to the FTC.

If you're looking for a job, you may come across ads for firms that promise results. Although many of these firms may be legitimate and helpful, others may misrepresent their services, promote out-dated or fictitious job offerings, or charge high up-front fees for services that may not lead to a job. Some ads may direct you to call a toll-free 800-number. Once you're connected, you may be switched to a pay-per-call 900-number without your knowledge, or you may be asked to call a 900-number without a proper fee disclosure. Both practices are against the law.

The Federal Trade Commission (FTC) sues businesses that fraudulently advertise employment openings and guarantee job placement. Consumers who respond to these ads think they're contacting a bona fide placement service that's seeking candidates to fill specific jobs. Instead, they're reaching a business that rarely helps consumers get employment through its "services." To make matters worse, these businesses invariably charge advance fees — ranging from several hundred to several thousand dollars — for their "services," typically imposing the fees without consumer approval, or promising — falsely — that most or all of the fees ultimately will be refunded.

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TYPES OF EMPLOYMENT SERVICE FIRMS

When you're looking for help in finding a job, it's important to understand the differences among employment services. Many terms, such as employment agency, personnel placement service, executive search firm, or executive counseling service are used interchangeably. Find out what services a firm offers, how much the services cost, and who pays. If you're required to pay the fee, find out what you'll owe if the employment service fails to find you a job or any leads.

Six basic types of service companies/agencies offer consumers help in finding a job. They include: public employment services; employment agencies; executive search services; temporary help services; executive counseling services; and job listing services.

- *The federally-funded and state-operated Public Employment Service, also known as the Job Service*, operates in all 50 states, the District of Columbia, Guam, Puerto Rico, and the Virgin Islands. The Employment Service provides Internet access to America's Job Bank (AJB). On any given day, this national resource lists hundreds of thousands of job opportunities. It also provides links to numerous employment and training programs in each state, including programs for people with disabilities, minorities, older workers, veterans, welfare recipients, and young people. There are some 2,300 points of service nationwide; about 1,700 of them are full-time, full-service offices. The Employment Service provides its services free to both employers and job seekers. Openings range from entry level to technical and professional positions. Visit www.ajb.dni.us for more information.
- *Employment agencies or personnel placement services* work to fill specific positions available within companies. Their purpose is to bring applicants and employers together. Often, the hiring company pays the placement fee, but when state law permits,

you and the employer may share the fee or the fee may be billed to you after you've been hired. Employment agencies usually are licensed in the state where they do business.

- *Executive search firms or executive recruiters* are hired by businesses to find the "right" person for a particular job within an organization. Recruiters sometimes are referred to as "headhunters." The executive who is hired doesn't pay the fee; it's part of the agreement between the hiring business and the search firm. Executive search firms usually subscribe to a code of ethics established by industry members; some firms are licensed by the states where they do business, as required by state law.
- *Temporary help services* supply workers to businesses on a temporary or as-need basis. Businesses pay an agreed-upon wage to the temporary service for work performed by the employees. The temporary service firm pays the workers, not the temporary employer.
- *Executive counseling services or career counseling services* help job seekers with career directions and decisions more than with job placement. They may offer services like skill identification and self evaluation, resume preparation and letter writing, and general information about companies or organizations in a particular location or job field. Fees can be as high as \$4,000, and payment often is required before services are provided. You'll probably have to pay this fee even if you don't find a job. Placement is not guaranteed. State law dictates whether executive counseling firms are licensed.



- *Job listing services or advisory services* sell information about getting a job in the U.S. or abroad. They often use pay-per-call 900-numbers to do this. They do not provide actual job placement. Information may include lists of job openings, general tips on conducting a successful job search or interview, and broad guidance in resume writing. These advisory firms often require an up-front fee for their listings.

PROTECTING YOURSELF

Before you spend any money responding to job ads or completing job placement contracts, the FTC suggests that you:

- Be suspicious of any employment-service firm that *promises* to get you a job.
- Be skeptical of any employment-service firm that charges up-front fees, even if it guarantees refunds to dissatisfied customers.
- Don't give out your credit card or bank account information on the phone unless you're familiar with the company and agree to pay for something. Anyone who has your account information can use it to commit financial fraud against you.
- Get a copy of the firm's contract and review it carefully before you pay any money. Understand the terms and conditions of the firm's refund policy. Make sure you understand what services will be provided by the firm and what you'll be responsible for. If oral promises are made that don't also appear in the contract, think twice about doing business with the firm.
- Take your time reviewing the contract. Don't be rushed into paying for services. Avoid high-pressure sales pitches that require you to pay now or risk losing out on the opportunity.
- Be cautious about purchasing from a firm that's reluctant to answer your questions or gives you evasive answers.

- Be aware that some listing services and "consultants" may place ads that seem to offer jobs when, in fact, they're selling employment information.
- Follow up with the offices of any company or organization listed in an ad by an employment service, to find out if the company's really hiring.
- Be wary of firms promoting "previously undisclosed" federal government jobs. All federal positions are announced to the public.
- Check with your local consumer protection agency, state Attorney General's Office, and the Better Business Bureau to see if any complaints have been filed about a company with which you intend to do business.

In addition, federal law prohibits the use of a toll-free number for pay-per-call 900-number services. This means that anyone calling a toll-free number cannot be charged simply for completing the call, and that a toll-free number call cannot be transferred, or connected to, a pay-per-call 900-number service. Federal law also prohibits any telephone message that solicits calls to a pay-per-call 900-number service from failing to disclose the cost of the call.

FOR MORE INFORMATION

A variety of free and low-cost resources are available to help you in your job search.

- *Job Service offices* post vacancies and offer counseling and referrals to other job resources.
- *Local and county human resources offices* provide some placement assistance. They can give you the names of other groups that may be helpful, such as labor unions or federally-funded vocational programs.
- *University, college and community college career service offices* usually limit their help to students and alumni, but some may let you look at their current job listings.

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- *Local libraries* can direct you to information on writing a resume, interviewing, or compiling a list of companies and organizations to contact about job openings.
- *The Internet*, through major online services and electronic bulletin boards, has information and options to help you, including classified ads and resume postings.

WHERE TO COMPLAIN

If you have a problem with an employment-service firm, contact your local consumer protection agency, Better Business Bureau, the appropriate state licensing board, or your state Attorney General.

If you have problems with charges on your phone bill for 900-number calls to fraudulent businesses, contact your telephone company immediately. No phone company is obligated to delete the charges, but you should ask. Call your carrier or the Federal Communications Commission for policy information.

The FTC works for the consumer to prevent fraudulent, deceptive, and unfair business practices in the marketplace and to provide information to help consumers spot, stop, and avoid them. To file a complaint or to get free information on consumer issues, visit ftc.gov or call toll-free, 1-877-FTC-HELP (1-877-382-4357); TTY: 1-866-653-4261. The FTC enters consumer complaints into the Consumer Sentinel Network, a secure online database and investigative tool used by hundreds of civil and criminal law enforcement agencies in the U.S. and abroad.

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Bureau of Consumer Protection
Division of Consumer and Business Education