

FTC Consumer Alert

Federal Trade Commission ■ Bureau of Consumer Protection ■ Office of Consumer and Business Education

When to Ditch the Cold Call Pitch

While many telephone sales calls are made on behalf of legitimate organizations offering bona fide products and services, some unsolicited phone sales calls can be frauds. That's why the Federal Trade Commission encourages you to listen carefully when you get a "cold call."

Fraudulent telemarketers may get your phone number from a telephone directory, mailing list, or "sucker list," a directory of consumers who have already lost money to fraudulent prize promotions or merchandise sales. Sucker lists include names, addresses, phone numbers — even how much money you may have spent on telemarketing scams. Unscrupulous promoters buy and sell sucker lists on the theory that consumers who have been deceived once are easy prey for additional scams.

According to FTC officials, credit card loss protection offers and advance fee loan offers are especially popular pitches for fraudulent telemarketers.

Credit Card Loss Protection Offers

The FTC says that to get people to buy worthless credit card loss protection offers, telephone scam artists suggest that:

- you'll be liable for all unauthorized charges on your credit card account;
- you need the protection because computer hackers can access your credit card number and charge thousands of dollars on your credit card account;
- a computer bug could make it easy for thieves to place unauthorized charges on your credit card account; and
- they're from the "security department" and want to activate the protection feature on your credit card.

But, the consumer protection agency says, these fraudsters are simply trying to exploit economic uncertainty. The FTC's consumer advice: Remember that federal law limits your liability for unauthorized changes to \$50, and ditch the pitch for credit card loss protection. If you didn't authorize a charge, don't pay it. Follow your credit card issuer's procedures for disputing charges you haven't authorized.

Advance Fee Loan Offers

Fraudulent telemarketers virtually "guarantee" that you will get a loan, regardless of your credit history, but you have to pay a fee first. Asking — or receiving payment — for the promise of a loan is against the law.

The FTC says legitimate guaranteed offers of credit don't require payments up front. Although legitimate lenders may require you to pay application, appraisal or credit report fees, these fees seldom are necessary before the lender is identified and the application completed.

What's more, says the FTC, these fees are paid to the lender, not the person who is arranging the "guaranteed" loan. Their consumer counsel: Don't pay for a promise, and remember that it's against the law for companies doing business by phone to promise you a loan and ask you to pay for it before they deliver.

You may not want to ditch all cold calls, but there are ways to spot those that spell f-r-a-u-d, including:

- High pressure sales tactics. Legitimate businesses respect the fact that you're not interested.
- Telemarketers who ignore your previous requests not to be called. They're breaking the law.
- That the offer is a great "opportunity." See it for yourself by asking for written information about the product or service that's being pitched. Don't talk with a salesperson if it's not convenient for you. A reputable salesperson should be willing to call you back at a time you choose.
- A push for immediate payment. Don't send money — cash, check, or money order — by courier, overnight delivery or wire to anyone who insists on immediate payment.
- A caller who insists on getting your personal information. Keep information about your bank accounts and credit cards to yourself — unless you know who you're dealing with.
- A telemarketer who calls before 8 a.m. or after 9 p.m. It's against the law and a sure tip-off to a rip-off.

If you suspect a scam, call the FTC, toll-free, at 1-877-FTC-HELP, or enter your complaint online at **www.ftc.gov**. The FTC works for the consumer to prevent fraudulent, deceptive and unfair practices in the marketplace and to provide information to help consumers spot, stop and avoid them. The FTC enters Internet, telemarketing, identity theft and other fraud-related complaints into Consumer Sentinel, a secure, online database available to hundreds of civil and criminal law enforcement agencies in the U.S. and abroad.

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