

FTC Consumer Alert

Federal Trade Commission ■ Bureau of Consumer Protection ■ Division of Consumer & Business Education

“Free Money” from the Government: Variations on a Scheme

“There is currently money available NOW right here in your area, to help pay your bills.”

“NO lines, NO waiting, NO credit needed. This is YOUR money and will be sent back to the federal government if not used in your area.”

Federal officials, consumer advocates, and businesses are hearing from people who have responded to ads, websites, phone calls, text messages, and visits from salespeople who claim the federal government will pay their bills – for everything from utilities, cable, and cell phones to their mortgages, student loans, and insurance premiums. The salespeople are scam artists. There is no federal bank account set up to pay your bills.

The Federal Trade Commission (FTC), the nation’s consumer protection agency, and the Federal Reserve Bank of Atlanta, say these cons are pros who may use half-truths to draw people in: The federal government has public assistance programs to help people in need. But *this* so-called program is a fraud.

If you respond to the scam artist’s come-on, they’ll charge you a processing fee and ask you for your personal information, which may include your name, Social Security number (SSN), credit card number, debit card number or other personal information. In exchange, they will give you instructions on how to use bank account and routing numbers to pay your bills online, or print checks so you can make your payments in person or by mail.

At first, you may think your bills have been paid. It’s not until the payment is rejected, and you’re notified that you still owe the money, that the scam is revealed. At that point, you may owe late or penalty fees to the company you thought you were paying as well as possibly owing fees to your bank for returned or rejected payments. The damage doesn’t stop there: Not only do you still owe the money, but you’re out the “fee” you paid the scam artist, you’re at risk for identity theft, and you could be fined or even arrested for passing bad checks or trying to use a bank account that doesn’t belong to you.

If you see a pitch for this scam, share it with your local police department, Better Business Bureau, state Attorney General’s office, and the FTC. If you followed the scammer’s instructions, contact your creditors immediately. It’s also a good idea to review your credit report, which you can do every twelve months for free. To order a free copy of your report, call 1-877-322-8228, visit www.annualcreditreport.com, or fill out the Annual Credit Report Request form (available at www.annualcreditreport.com) and mail it to Annual Credit Report Request Service, P.O. Box 1-5281, Atlanta, GA 30347-5281. Look for inquiries from companies you haven’t

contacted; accounts you didn't open; and debts on your accounts that you can't explain. Check that information like your SSN, address(es), and name or initials are correct. If you find fraudulent or inaccurate information, get it removed. To learn how, see *Taking Charge: What To Do If Your Identity Is Stolen* at www.ftc.gov/idtheft, the FTC's identity theft recovery guide.

The Facts About Getting Government Assistance

- The government provides help through benefit programs for job training, nutritional assistance, education, and health care, among other needs.
- To get government assistance, you must apply. Each program has specific eligibility requirements.
- You shouldn't have to pay a fee to apply for a government assistance program.
- Not all government assistance programs provide cash payments. Assistance programs that provide payments may have conditions and limitations.

For More Information

For information about federally-funded benefit and assistance programs, visit Benefits.gov. If you don't have access to the internet, call USA.gov's National Contact Center at 1-800-FED-INFO (1-800-333-4636), Monday through Friday, 8 am to 8 pm Eastern Time, to speak to an information specialist.

The FTC works 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 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. Watch a new video, *How to File a Complaint*, at ftc.gov/video to learn more. 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.

Produced in cooperation with the Federal Reserve Bank of Atlanta

June 2012

ftc.gov