

FTC FACTS for Consumers

Magazine Subscription Scams



Beware of telephone sales pitches for “free,” “pre-paid” or “special”

magazine subscription deals. An impulse purchase could leave you with years of monthly payments for magazines you may not want or could buy for less elsewhere. What’s more, in some states, you’re legally obligated to pay for a subscription once you verbally agree to it.

Of course, thousands of consumers buy magazine subscriptions from legitimate telemarketers every year. Yet, according to the Federal Trade Commission (FTC), some unscrupulous salespeople trick consumers into paying hundreds of dollars for multi-year subscriptions.

Sales techniques vary. The FTC says consumers should question approaches that feature:

- Salespeople who encourage you to buy without giving you your total costs. For example, a salesperson may offer magazines for just a few dollars a week. That could sound like a bargain — until you do the math. You could end up paying hundreds of dollars over several years for subscriptions that sell elsewhere for less.
- Salespeople who tell you magazines are “free” or “pre-paid” for you and that you’ll be charged only a “processing fee.” The fee may be more than the retail price of the magazine subscription.

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- Salespeople who don't identify themselves as such or who may not give you the name of their company. They may lead you to believe they represent magazine publishers, or that they're calling for reasons other than selling subscriptions.

If You're Called

Be skeptical when someone tries to sell you a "bargain" or offers you a "free" subscription on the phone. Ask questions. If you don't get answers that they're willing to back up in writing, consider doing business elsewhere.

Ask:

- How long does the subscription last — one year, two, more?
- How will I be billed? Will you debit my checking account or credit card? When — monthly, annually?
- How many magazines will I get and when — monthly, bi-monthly, quarterly?
- What's the total yearly cost of each magazine? What's the total package price?
- What are my cancellation rights? Get them in writing before you agree to buy. The salesperson may not be required to tell you about the company's cancellation policy unless you ask.
- Compare the costs they're quoting to regular magazine subscription rates.

Be careful what you say on the phone to the seller. In some states, your verbal agreement to buy obligates you to pay. Frequently, the salesperson tape records the conversation, perhaps claiming it's for your protection. Later, the company may use the tape to "prove" you agreed to buy the magazines, selected a payment method, and understood the terms of the agreement.

If you don't want a subscription, and you don't want to be called again, tell the caller to put you on the company's "do not call list." If the company calls again, hang up. It's breaking the law. Report it to your state Attorney General and the FTC.

The Telemarketing Sales Rule

The FTC's Telemarketing Sales Rule requires telemarketers to make certain disclosures and prohibits them from lying. It gives you the power to stop telemarketing calls you don't want and gives state law enforcement officers the authority to prosecute fraudulent telemarketers who operate across state lines.

Some tips to keep in mind when you get a telephone sales pitch for magazine subscriptions:

- The caller must promptly identify the seller and the purpose of the call. If the offer includes the promise of prizes or gifts, the sales pitch for the magazines must come first. If it doesn't, hang up. The caller is breaking the law.
- If you ordered magazines over the phone once, you may be called again. Although you may think the call is about customer satisfaction, chances are it's about renewals and additional subscriptions. Listen carefully to the offers to make sure you understand the terms.
- You may be called to renew your subscription, but the caller may not represent the publisher. Before you agree to renew, check the expiration date to determine how close it is. It's usually on the mailing label. Or, you may want to call the publisher to verify the expiration date and to confirm that the caller is authorized to renew your subscription.
- Ask for a written copy of the contract before you agree to buy any subscription. Read it. Make sure you understand what you'll get, the cost of each magazine and each subscription, and the cost of the entire package.
- Keep information about your bank accounts and credit cards to yourself — unless you know who you're dealing with. You may get a letter or postcard soliciting your business, or telling you that you've won a prize or a contest. Often, this is a front for

a scam. Instructions tell you to respond to a promoter with certain information. If you give your bank account or credit card number over the phone to a stranger for “qualification,” “verification” or “computer purposes,” it may be used to debit your account without your permission.

Canceling Subscriptions

There is no federal law that regulates the cancellation of telephone agreements. Though there are certain state and local laws that require telemarketers to provide a cancellation period, don't agree to buy on the assumption that you can cancel later.

If your state or locality requires a cancellation period, and you want to cancel a subscription you bought on the phone, follow these instructions:

- Watch your mail for the sales agreement; it may come in a plain or “junk mail” type envelope. Look for the cancellation terms; cancellation may be allowed only within three days of your receipt of the agreement. The cancellation notice may be hard to find. It could be attached to an inside page of multiple copies of the sales agreement.
- Sign the cancellation notice and return it to the proper address. That may be hard to find too, because several addresses may be listed. Keep a copy of the signed cancellation notice for your records. Send the original notice by certified or registered mail, so you have proof of your mailing date.
- If you don't receive a written notice of your cancellation right, write your own cancellation notice and mail it to the seller within the required timeframe. Magazine subscription companies usually don't honor verbal cancellations.
- When you send the cancellation notice, contact your bank or credit card company to stop any unauthorized payments from your account or to dispute any charges or debits to your account.

- The company may tell you that your cancellation request was too late and that you must pay. Check with your state Attorney General to find out what cancellation rights you may have under state law.
- If the cancellation period has expired and you paid in full, the company may not be required to refund your money. But if you don't make the appropriate payments on time, you could face dunning notices and calls from collection agencies, threats of legal action, or a bad credit rating.

Not Just by Phone: Other Questionable Sales Approaches

While many unscrupulous subscription sellers rely on the phone to make their pitch, some do business in other ways. For example:

- *Door-to-door sales:* Beware of emotional appeals by someone selling door-to-door. For example, the student selling magazine subscriptions using the appeal that your sale will help him/her get a college scholarship or other such rewards. If you buy from a door-to-door salesperson in your home, and the purchase is more than \$25, you're protected under the FTC's Cooling-Off Rule. The Rule gives you three days to cancel your order and receive a full refund. The seller must tell you that you have a right to cancel, and give you a summary of your cancellation rights and two copies of the cancellation form. Ask to see the required cancellation notice *before* you agree to buy. If the salesperson doesn't have it, don't place an order. The company is breaking the law.
- *Postcards in the mail:* The postcards say nothing about magazine subscriptions but direct you to call a telephone number about a contest, prize or sweepstakes entry. If you call, you may get information about prizes, gifts or other awards — but more than likely, you'll get a sales pitch for magazine subscriptions. According to the law, you never have to buy anything or pay to claim a prize, gift or award.

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- *Phony invoices or renewal notices:* The notices come in your mail and look like bills. If you already subscribe to the magazine, check the subscription expiration date. Also check the notice carefully to see if it came from your publisher. If you're not a subscriber and you didn't order any magazines, you're not obligated to pay.

Where To Go For Help

If you think you've been involved in a magazine subscription scam, contact your state Attorney General or local consumer protection office. They're listed in the Blue Pages of your telephone directory.

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, call toll-free, 1-877-FTC-HELP (1-877-382-4357), or use the complaint form at www.ftc.gov. 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.



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

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