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**SURVEY IDENTIFIES AMERICA'S TOP CONSUMER COMPLAINTS**

*National, State and Local Consumer Leaders Provide Advice on Avoiding Rip-Offs*

Washington, DC – Despite budget cuts and staff shortages, state and local consumer protection agencies are dealing with a wide variety of complaints, from the perennial problems of shoddy home improvement work and deceptive car sales to fast-growing foreclosure rescue scams and fake check fraud, according to a new survey conducted by the Consumer Federation of America (CFA), National Association of Consumer Agency Administrators (NACAA), and North American Consumer Protection Investigators (NACPI). The survey provided a snapshot of the challenges that consumers and consumer agencies faced in 2007 and also uncovered some critically important and larger issues that must be addressed, especially as consumers' wallets get squeezed in the current economic downturn.

“State and local agencies save and recover billions for consumers every year, but it’s difficult for them to keep up with the demand to stop marketplace abuses, resolve individual complaints, and educate people to avoid rip-offs,” said Susan Grant, CFA Director of Consumer Protection. “In economic hard times, consumers are even more vulnerable to phony promises to help them financially or money-making schemes.”

“State and local consumer protection agencies are the first responders, whether it’s a man-made disaster such as the mortgage crisis or a natural disaster like a hurricane or wildfires,” noted NACAA’s Executive Director, Elizabeth Owen. “In addition to having to be experts in everything from auto repairs to gem stone grading, state and local consumer agencies also need expertise to deal with the evolving nature of fraud, especially online,” stated Bob Harris, who is Manager of the Office of Consumer Protection in the District of Columbia Department of Consumer and Regulatory Affairs and serves on the NACPI Board of Directors.

Among the 39 agencies that responded to the survey, there was clear consensus on the following:

- The biggest challenge to agencies by far is **budget cuts and inadequate staffing**.
- Consumer agencies say that new laws are needed in **car sales, credit and debt collection, home improvement/construction, sales contracts, ID theft**, and other areas to give consumers better protection.
- Consumer agencies also cited the need for **greater enforcement powers** at the state and local level and **beefed-up consumer agencies** at the federal level.

Despite the challenges they face, these 39 agencies saved or recovered more than **\$1 billion** for consumers during the survey period.

**Top Consumer Complaints for 2007**

Following are the top complaint categories that most frequently appeared in the agencies’ top ten lists:

1. **Auto:** *Misrepresentations in advertising or sales of new and used cars, lemons, faulty repairs, leasing and towing disputes*
2. **Home Improvement/Construction:** *Shoddy work, failure to start or complete the job*
3. **Credit/Debt Collection:** *Billing and fee disputes, mortgage fraud, predatory lending, illegal or abusive collection tactics*

4. **Retail Sales:** *False advertising, defective merchandise, rebates and coupons, nondelivery*
5. **Utilities:** *Service problems, billing disputes with phone, cable, satellite, Internet, electric and gas services*
6. **Household Goods:** *Major appliances and furniture, problems with nondelivery, misrepresentations, faulty repairs*
7. **Internet Sales:** *Misrepresentations, nondelivery in connection with online purchases*
8. **Home Solicitations;** *Nondelivery, misrepresentations in door-to-door, telemarketing and mail solicitations, do-not-call violations*
9. **Services:** *Misrepresentations, shoddy work, failure to have required licenses*
10. **Landlord/Tenant:** *Unhealthy or unsafe conditions, failure to make repairs or provide promised amenities, deposit and rent disputes*

The shady practices that have recently been in the news clearly account for the increase in complaints about **mortgage fraud and foreclosure scams**. Others in the top five fastest-growing complaints were **home improvement, Internet sales, credit/ debt collection and fake check scams**. The top five worst complaints were **home improvement, mortgage fraud and foreclosure scams, fake check scams, Internet fraud and payday loans**.

The survey report provides examples of these problems and tips for what consumers can do to protect themselves. It also describes how state and local consumer agencies help consumers in disaster situations, their biggest challenges and achievements, and what new laws agencies say are needed to provide better protection for consumers.

### **Seven Ways That Consumers Can Protect Themselves**

1. **Check the track record.** Before you buy, check the complaint records of unfamiliar companies. Consult your state or local consumer agency, the Better Business Bureau, and online complaint forums.
2. **Hire licensed professionals.** When you're hiring professionals such as home improvement contractors, ask your state or local consumer protection agency if they must be licensed or registered and how you can check to confirm that they are.
3. **Pay the safest way.** Pay with a credit card when you buy goods or services that will be delivered later so you'll be able to exercise your right to dispute the charges if you don't get what you were promised.
4. **Don't pay in full upfront.** Pay only a small deposit, if requested, for home improvement or other services, never the full amount upfront.
5. **Recognize the danger signs of fraud.** Watch out for any request to wire money; scare tactics or pressure to act immediately; promises that you can borrow, win or make money easily as long as you pay a fee in advance; or any situation in which someone wants to give you a check or money order and asks you to send money somewhere in return
6. **Get all promises in writing.** Verbal agreements are hard to prove. Carefully read contracts or finance agreements and make sure you understand them before you sign.
7. **Get financial advice from legitimate sources.** If you're having trouble paying your bills, consult your local nonprofit consumer credit counseling service. Your state or local consumer agency may be able to help you find other legitimate sources of assistance.

The complete survey report is at [http://www.consumerfed.org/pdfs/07\\_complaint\\_report.pdf](http://www.consumerfed.org/pdfs/07_complaint_report.pdf)

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*CF A is a nonprofit association of some 300 pro-consumer organizations in the U.S. NACAA and NACPI are membership organizations of consumer protection agencies at all levels of government. CFA has periodically conducted consumer agency surveys since 1992. This survey, conducted with 39 state and local NACAA and NACPI member agencies in the U.S., was completed in April 2008 and covers a one-year period, which in most cases was January-December 2007.*