



INTERNATIONAL
INSTITUTE
SAINT LOUIS

Consumer Skills

What I need to know about
my rights and responsibilities
as a well informed consumer

Financial Education Supported by:

National City



Southern
Commercial
Bank

Concept Checklist

What will I learn today?

- [] How to be an informed and knowledgeable consumer
- [] Documentation, warranties, rain checks
- [] Cramming, slamming, scamming
- [] Do not call lists
- [] What to do if you are dissatisfied with a purchase or service/legal resources
- [] Types of insurance
 - [] Homeowners
 - [] Renters
 - [] Automobile
 - [] Health
 - [] Life
- [] Important phone numbers

Curriculum compiled by the International Institute
with funding from Office of Refugee Resettlement,
Department of Health and Human Services

What would you do?

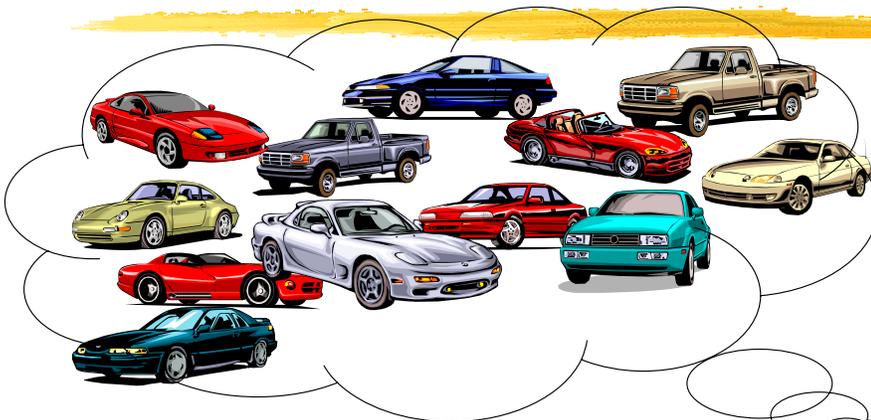
I am from Carpet King Company and I will clean all the carpet in your apartment for \$5.00. Will you let me in?



Is he a real business?

Will he do what he promised to do?

How do you choose?



High Price = Better Car???

2

Before You Buy,... Let's Talk!

- ⌘ Don't buy on impulse
- ⌘ Research the product or the service
 - ⊞ Research price
 - ⊞ Research different manufacturers and providers
 - ⊞ Compare prices, features and after-purchase services
 - ⊞ Find out the normal practices of the industry and learn what to expect and what not to expect



Where to research?!

- ⌘ Libraries
- ⌘ Internet
- ⌘ Better Business Bureau (BBB)
- ⌘ Consumer Reports
- ⌘ Federal Trade Commission, State & Local Consumer Offices
- ⌘ Friends and Relatives



Shop! Shop! Shop!

Not only for the best product, but also for the best seller!

3

⌘ Check complaint background on the sellers with the Better Business Bureau

⊞ BBB is not a law-enforcement agency

⊞ BBB is not a court

⊞ BBB makes your complaint information available to the public

⊞ BBB can help with negotiating settlements with businesses



Get Everything In Writing... Read, Understand and Keep

⌘ The best way you can get a business to keep their promises is through **documentation**

⌘ You have the right to get **all the information** about a product's price, warranties, return policies, after purchase services... etc. **in writing**

⌘ Businesses might give you long documents with small print. They want you to see and read only what they want you to read. It is your responsibility to **read and understand everything!**

⌘ Documents are only good if you can show them when you need to... So, **keep them!**



4

Warranty

- ⌘ Companies that offer warranties are required to make those warranties available for you to look at before you make a purchase.
- ⌘ The warranties must provide information that clearly states:
 - ☒ What parts and repair problems are covered by the warranty and what parts of the product or types of repair problems are excluded from coverage
 - ☒ If you are required to pay for labor charges
 - ☒ How long the warranty lasts
 - ☒ If the warranty covers "consequential damages"
 - ☒ Understand extended warranties before you buy them

Rain Check?!!

- ⌘ If you cannot find an advertised sale item displayed, ask for it. If the store has run out, ask about a rain check. Sellers may have to offer customers one of three alternatives (if they didn't say that "quantities are limited" in the advertisement):
 - ☒ A "rain check" that allows customers to buy the item later at the lower price
 - ☒ A substitute item of comparable value to the sale item
 - ☒ Some kind of compensation that is at least equal in value to the advertised item



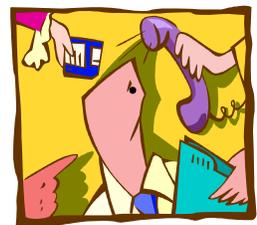
Three-Day Cooling Off Period?!!!

- ⌘ If you buy a product in your home or at a location that is not the main or local address of the seller, the Cooling-Off Rule gives you three days (until midnight of the third business day following the sale) to cancel purchases of \$25 or more.
- ⌘ Sellers are required to inform you about your cancellation rights
- ⌘ They have to pick-up the item or reimburse you for mailing expenses



Cram?! Slam?! Scam?!

- ⌘ **Cramming** is when a business charges you for additional and optional services you did not ask or authorize!
- ⌘ **Slamming** is when a business makes itself your service provider without your authorization!
- ⌘ **Scamming** is when someone convinces you to pay money for something that does not exist or something that is different from what they tell you!



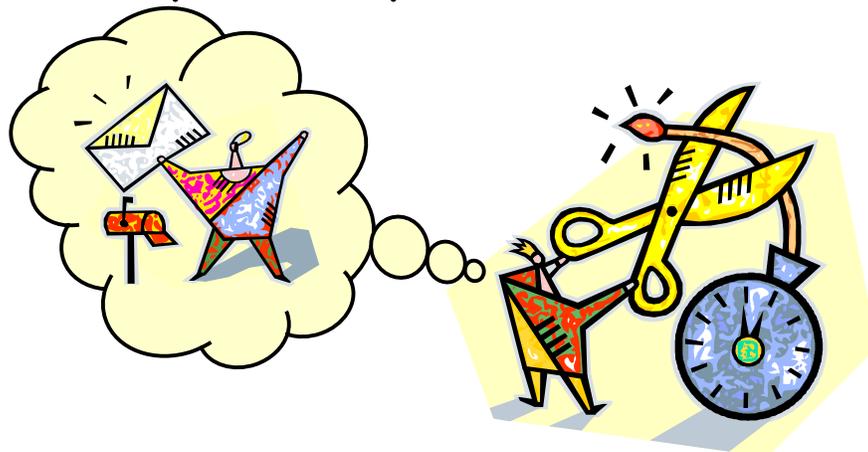
6

Examples of Scams...

- ⌘ Travel Scams
- ⌘ Work-at-Home Scams
- ⌘ Sweepstakes & Prize Offers Scams
- ⌘ Collection Agency Scams
- ⌘ Scholarship Scams
- ⌘ Multi-Level Marketing Scams
- ⌘ Employment Scams
- ⌘ Charity Scams
- ⌘ Credit Repair Scams
- ⌘ Advance Fee Loans
- ⌘ Credit Card Scams
- ⌘ 800, 888, 877 and 900 Numbers
- ⌘ Identity Theft
- ⌘ Bank Representative Scams
- ⌘ Investment, Franchise & Business Opportunity Scams
- ⌘ Second Mortgage Scams

A Golden Rule...

When something is too good to be true, it probably is!



How to Avoid Scams

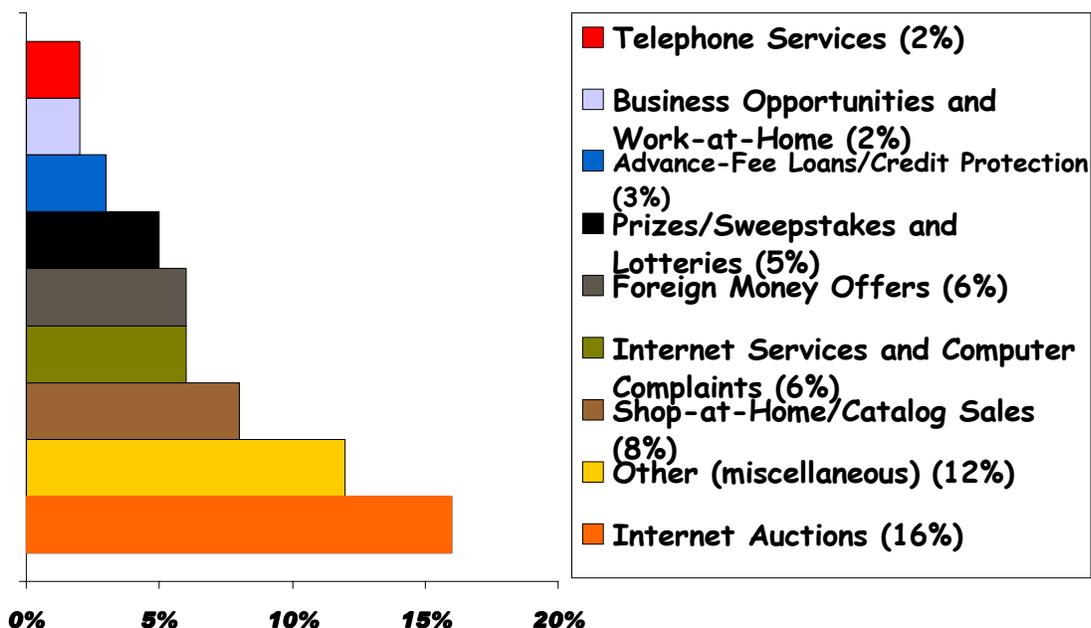


On The Telephone

- ⌘ Don't buy or arrange payments if you did not make the call (if they called you)
- ⌘ Don't give away any account numbers, card numbers or personal information if you did not make the call
- ⌘ Don't give away your PINs to anyone, including businesses you know or people from your bank
- ⌘ Ask for written information to be mailed to you if you are interested.
- ⌘ Ask for the company's name, address, phone number, name of the person calling and their supervisor
- ⌘ Keep records of date, time and the above information for all calls from people trying to sell you something over their phone

Top Ten Categories of Consumer Fraud Complaints in 2004

Source: Federal Trade Commission, <http://www.ftc.gov/opa/2005/02/top102005.htm>





Do Not Call!

How to stop unwanted telephone solicitation

- ⌘ Ask the calling person to put you on their "Do Not Call" list
- ⌘ Register with the National Do Not Call Registry by calling 1-888-382-1222 or on-line at <http://www.donotcall.gov>. You must call from the phone number you wish to register.
- ⌘ Register with the Missouri Do Not Call Registry by calling 1-866-662-2551
- ⌘ Tell companies you do business with to remove your name from customer lists that they rent or sell to other companies



How to avoid Scams



On The Internet

- ⌘ Do not buy on business web sites you don't know
- ⌘ Read the "about us" section of business's web site
- ⌘ Look for any reliable endorsement logos on the homepage
- ⌘ See how other customers are rating their shopping experience with that web site on "www.bizrate.com"
- ⌘ Read the seller's privacy policy
- ⌘ Don't make payment or establish passwords on unsecured pages (look for https:// which indicates a secure site)
- ⌘ Don't agree to have your personal or purchase information sold to other companies
- ⌘ Set-up the security level on your browser to prompt you when a web site is placing a cookie in your computer

When telemarketers will not take "NO" for an answer!

- Name of Caller _____
- Name of Company Represented _____
- Telephone Number or Address _____
- What are they selling? _____
- If a charity, what is state charity registration number? _____
- What is the name of telemarketing company (if different) _____
 Their address _____ Supervisor: _____
- Do they keep a "Do-Not-Call" list? Yes No
- Did they agree to put my number in the "Do-Not-Call" list? Yes No
- What companies does my request cover?

- Do they request written "Do-Not-Call" notice? Yes No
 If yes, When did or will they send a form _____
 Certified Letter Number _____
 Date Sent _____ Do I keep a copy? Yes No
 Date Received _____
- Date Called:
 _____ Time _____
 _____ Time _____
 _____ Time _____
- If I pressed (*57) to trace the call, was it successful? Yes No
- Notes: _____

So, you've bought it... now what?

⌘ How to return what you have bought?

- ☑ Retailer's Return Policy
- ☑ Manufacturer's Recall
- ☑ Manufacturer's Guaranty Policy
- ☑ **Complaining**

⌘ What if it did not work? What else can I do?

- ☑ File a complaint with the Better Business Bureau
- ☑ File a complaint with the Consumer Protection Office
- ☑ Contact the Media
- ☑ Go to Court



Me? Complain? How? Who? What?

- ⌘ Document Purchase (Keep Receipts)
- ⌘ Explain Problem
- ⌘ Contact Product Seller or Service Provider
- ⌘ Contact Manufacturer
- ⌘ Document Efforts to Resolve Problem
- ⌘ Allow Time
- ⌘ Don't Give Up!



Sample Complaint Letter

Your Name
Your Address
City, State, Zip Code

Name of Contact Person (if available)
Title (if available)
Company Name
(Consumer Complaint Division, if you have no contact name)
Street Address
City, State, Zip Code

Dear (Contact Person's Name) or (Madam/Sir):

Re: (Account Number, if available)

•Name of Product
•Product ID
•Purchase Information

On (date), I (bought, leased, rented, or had repaired) a (name of product, with serial number or model number or service performed) at (location, date and other important details of the transaction).

Unfortunately, your product (or service) has not performed well because (explain the problem specifically).

•State Problem

•Ask for specific action
•Enclose all documents

To resolve the problem, I would appreciate you (state action you want them to take – money back, charge the credit card, repair, exchange, etc). Enclosed are copies **{DO NOT SEND ORIGINALS}** of my records.

I look forward to your reply and a satisfactory resolution to my problem, and I will wait until (set a reasonable time limit) before seeking help from a consumer protection agency or the Better Business Bureau. Please contact me at the above address or by phone at (home and/or work numbers with area code).

Sincerely,

Your Name

•Allow time for action
•State how you can be reached

Can I afford to take them to Court?

⌘ Small Claims Court

- ☑ Claims involving small amounts of money (In Missouri: No more than \$3,000)
- ☑ Simple, Inexpensive and Quick
- ☑ No Lawyers Needed
- ☑ Informal, But binding
- ☑ Dispute Resolution Programs
- ☑ You can get your filing fee back if you win
- ☑ You need to compare cost and time commitment with possible outcomes

⌘ Free Legal Aid (for Low-Income)

- ☑ Law School Legal Clinics
- ☑ National Legal Aid & Defender Association
- ☑ Legal Service Corporation



For more information about the Law Clinic at Saint Louis University, call 314-977-2778.

For more information about the Law Clinic at Washington University, call 314-935-5837.

Risk

- ⌘ Risk is the possibility of suffering harm or loss.
- ⌘ You and your family will face many financial risks.
- ⌘ Illness, Accidents, Theft, Death.



How to Deal With Risk

⌘ Avoid



⌘ Reduce



⌘ Accept



⌘ Transfer



How does Insurance Work?

- ⌘ You pay a premium (payments), based on the level of coverage you want and your level of risk.



- ⌘ If you face financial loss, the insurance will serve as a safety net.



How does Insurance Work?

- ⌘ When something happens, you file a claim and the insurance company pays you based on the coverage you purchased.



- ⌘ Insurance does not necessarily eliminate financial responsibility.



How do you decide how much insurance you need?

Do you flood insu



Homeowners & Renters Insurance

⌘ Homeowners - covers your home, possessions, injury to others

⌘ Keep a list of your major possessions with receipts.

⌘ Renters - covers possessions only



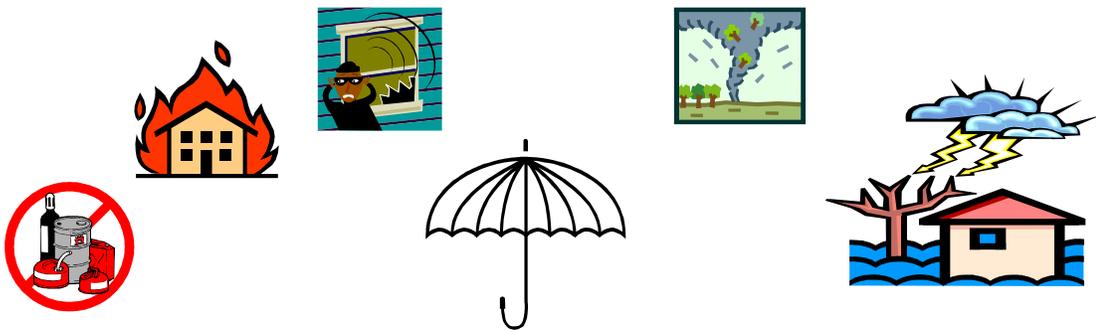
Homeowners & Renters Insurance

⌘ Premiums are based on:

- ☑ Coverage desired
 - ☑ Replacement Value
 - ☑ Actual Cash Value
- ☑ Deductible
- ☑ Location
- ☑ Condition
- ☑ Safety measures



Homeowners Insurance/ Mortgage Insurance



Insurance



Automobile Insurance

- ⌘ Car repair or replacement, injury
- ⌘ By law, you must have at least liability coverage (25/50/10) and uninsured motorist

⌘ Types of Coverage

- ⊞ Liability
- ⊞ Personal Injury Protection
- ⊞ Uninsured/Underinsured
- ⊞ Collision
- ⊞ Comprehensive



Automobile Insurance

⌘ Premium is based on

- ⊞ Coverage desired
- ⊞ Deductible
- ⊞ Your driving record
- ⊞ Location
- ⊞ Type, age, and condition
- ⊞ Use of car/miles driven per year
- ⊞ Safety measures



18

Health Insurance

⌘ Group or Individual

⌘ COBRA

⌘ Medicare, Medicaid, MC+ for Kids



Health Insurance

Type of Insurance	Flexibility	Cost
FFS Fee for service plan	☺	☹
PPO Preferred provider organization	☺	☺
POS Point of service plan	☺	☺
HMO Health maintenance organization	☹	☺

Health Insurance

⌘ Premium is based on

- ☑ Type of coverage
- ☑ Deductible
- ☑ Age
- ☑ Gender
- ☑ General health



Life Insurance

⌘ Protects others not yourself.

⌘ Only need if others rely on your income.



Shopping for Insurance

- ⌘ Only purchase the coverage you need.
- ⌘ Be sure to give accurate information - tell the insurance company if anything changes.
- ⌘ Shop around. Not all companies are the same.



Saving Money on Insurance

- ⌘ Consider a higher deductible
- ⌘ Buy from the insurance company directly
- ⌘ Purchase multiple types of insurance through same company
- ⌘ Pay your premium annually



Better Business Bureau

A system that can help you solve a complaint with a business through the use of voluntary self-regulation and consumer education

Claim

A demand for payment in accordance with an insurance policy or other formal arrangement

COBRA

Consolidated Omnibus Reconciliation Act - Gives workers and their families who lose their health benefits due to a loss or change in employment, the right to continue health coverage provided by their former employer's group health plan for a limited period of time after employment ends at a cost.

Collision

Collision coverage pays to repair your car if it's damaged in an accident by colliding with another vehicle or an object, such as a tree

Complaint

An expression of dissatisfaction

Consequential Damages

Damages relating to a business, profession or property that can easily be calculated with a monetary value

Cram

When a business charges you for extra services that you did not ask for

Deductible

The amount of the loss you must pay out of your own pocket before the insurance company begins to reimburse you

Disability Insurance

Pays your income from a job if you are sick or physically unable to work for long periods of time

Do Not Call List

A list on which your name can be placed at no cost, to reduce unwanted telemarketing calls made to your home

Phone Numbers to Keep and... Use!

21

Direct Marketing Association

Consumer Affairs
1111 19th Street, NW, Suite 1100
Washington, DC 20036-3603
Phone # (202) 955-5030
Fax # (202) 955-0085
Email: customerservice@the-dma.org
Web Site: www.the-dma.org

Missouri Department of Insurance

P.O. Box 690
301 West High Street, Room 530
Jefferson City, MO 65102
Consumer Hotline # 1-800-726-7390
Fax # (573) 751-1165
Web Site: www.insurance.mo.gov

Better Business Bureau

12 Sunnen Drive, Suite 121
St. Louis, MO 63143-1400
Phone # (314) 645-3300
Fax # (314) 645-2666
Email: bbbl@contactbbb.org
Web Site: www.stlouis.bbb.org

Consumer Protection Division

Wainwright State Office Building
111 N. 7th St., Suite 204
St. Louis, MO 63101
Phone # (314) 340-6816
Fax # (314) 340-7957
Email: attgemail@moago.org
Web Site: www.ago.state.mo.us

Legal Services of Eastern Missouri

4232 Forest Park Avenue
St. Louis, Missouri 63108
Phone # (314) 534-4200/(800) 444-0514
Fax # (314) 534-1425
Email: info@lsem.org
Web Site: www.lsem.org

Call for Action

KTVI - TV (Fox2) Call For Action
5915 Berthold Ave
St. Louis, MO 63110
Phone # (636) 282-2222
Web Site: <http://www.fox2ktvi.com>

Small Claims Court St. Louis City

10 N. Tucker Blvd.
St. Louis, MO 63101
Phone # (314) 622-4434

Small Claims Court St. Louis County

7900 Carondelet
Clayton, MO 63105
Phone # (314) 615-1545
Fax # (314) 615-2689



Glossary

Health Insurance

Pays the medical bills in case you, or your family members become sick or injured

Insurance

Protection against large-scale financial loss

Insurance Premium

The payment a person makes to an insurance company in exchange for its promise of protection and help

Liability Coverage

Pays for bodily injury to other people and damage to property. If you injure someone in an accident and they sue you, liability coverage pays the legal bills. If your car damages another car, liability pays to have the other car repaired.

Life Insurance

Protects people who depend on you financially in the event of your death

Medicaid

A joint federal and state program that helps with medical costs for some people with low incomes and limited resources

Medical Payments Insurance Coverage

While liability pays other people, medical payments coverage protects you, your family members, and anyone riding with you in your car. Medical payments cover your medical expenses, such as hospital bills, doctor fees, etc.

Medicare

The federal health insurance program for people 65 years of age and older, certain younger people with disabilities, and people with end-stage renal disease

Property Insurance

Protects your material possessions such as clothes, TV, furniture, appliances, dishes, etc.

Rain Check

An assurance to a customer that an item or sale that is sold out or out of stock may be purchased later at the sale price

Glossary

Risk Management

Means that you used various ways to deal with potential personal or financial loss

Scam

When someone convinces you to pay money for something that does not exist

Settlement

The process of reaching an arrangement, adjustment or other understanding

Slam

When a business makes itself your service provider without your permission

Small Claims Court

A special court intended to simplify and speed up the resolution of minor disputes involving small claims

Uninsured Motorist

If an uninsured motorist injures you or damages your car, you turn to your own insurance company for help. But if you don't have enough coverage on your policy to pay your bills, uninsured motorist coverage will help out

Underinsured Motorist

Like uninsured motorist, you effectively own a policy on yourself that protects you in case another motorist doesn't have enough coverage

Warranty

A guarantee given to the purchaser by a company stating that a product is reliable and free from known defects and that the seller will repair or replace defective parts within a given time limit and under certain conditions without charge

