

Consumer Protection

Resources

Fair Arbitration Now
www.fairarbitrationnow.org

Federal Deposit Insurance Corporation
www.fdic.gov/consumers

Federal Trade Commission
www.ftc.gov/idtheft

Give Me Back My Rights!
www.givemebackmyrights.org

Maryland's Peoples Law Library
www.peoples-law.org

National Consumer Law Center
www.consumerlaw.org

Long-term Wealth Creation

Protect Yourself

The possibility of falling victim to scams, fraud, or identity theft is unfortunately quite likely. From “dumpster diving” – stealing personal information out of the trash, to “phishing” – people pretending to be financial institutions or companies and sending spam and pop-ups to get your information, consumers must be careful. There are several steps clients can take to protect themselves; the Federal Trade Commission (FTC) and the National Consumer Law Center (NCLC) offer some helpful tips:



Protective measures are available to deter and prevent fraud and identity theft. Clients should be cautious of whom they do business with, and try to avoid scams.

Deter Identity Theft

- Check your credit report regularly
- Review financial statements frequently
- Avoid using obvious passwords that others could identify
- Shred financial documents that have personal information before discarding them
- To file a complaint about identity theft contact the Federal Trade Commission (FTC) at 1-877-ID-THEFT

Prevent Fraud

- Find out as much as you can about a company before you do business with them
- Verify that the company is registered with the Better Business Bureau (BBB)
- Get any important information in writing, and thoroughly read the writing
- If you have been a victim of fraud or identity theft, file a police report
- To file a fraud complaint contact the Maryland Attorney General at (410) 528-8662

Avoid Scams

- Steer clear of 1-900 numbers, they are often connected to scams and can be costly
- Join the National Do Not Call Registry (www.donotcall.gov) if you do not want to receive calls from telemarketers
- Be wary of awards for sweepstakes that you never entered or anyone asking you for money and promising that you will get more money in return

Pro-Bono Legal Assistance

If clients need to settle a dispute and cannot afford legal counsel, assistance may be available. Free civil legal services may be provided for low-income Maryland residents who qualify. These attorneys may be able to settle disputes over issues like child support, tenant-landlord disputes, government benefits, or consumer/worker rights. For more information and a list of agencies that provide these services, go to www.peoples-law.org.

Long-term Wealth Creation

Identity Theft Protection

If clients suspect that they have been, or will soon be, the victim of identity theft there are some steps they can take for protection. One option is to use a free *initial fraud alert* by contacting one of the consumer reporting agencies. The consumer reporting agency will place an alert on a client's report, which notifies potential creditors that they must take reasonable steps to verify a person's identity before issuing new credit in his or her name. Initial fraud alerts are good for 90 days, and once clients report to one agency that agency will contact the remaining two agencies on their behalf.

If clients become the victim of identity theft they can ask for an *extended fraud alert*, which will remain on their credit report for seven years. With an extended alert, creditors must contact clients in person or by phone before issuing credit in their name. A fraud alert does not negatively affect clients credit scores, or keep them from getting credit.

Another protective measure is a credit freeze. A *credit freeze* generally stops all access to a client's credit report, and the client must lift the freeze temporarily or permanently for a business to gain access to the report. To initiate a credit freeze a client must contact all three credit reporting agencies individually because one agency will not report to the others (as in the case of a fraud alert).

Credit freezes are free if a client was the victim of identity theft and can verify this with a police or investigative report. Even if a client has not yet become a victim they can still initiate a credit freeze, but it may cost a small fee. Maryland law prohibits credit report agencies from charging over \$5 per credit freeze (although clients must pay each credit report agency separately), and clients must pay \$5 each time they temporarily lift a credit freeze.

Initiating a credit freeze does not negatively affect a client's credit score, or stop them from getting credit. However, inform clients that it may not be a good idea to put a freeze on their account if they are planning on getting a new apartment or purchasing a home in the near future.



Clients that have not yet been the victim of identity theft may want to use a fraud alert before initiating a credit freeze.

Initiating a fraud alert or credit freeze does not negatively affect a client's credit score.

Mandatory Arbitration

Written in the fine print of credit card, cell phone, employment, and other contracts are often mandatory arbitration clauses, which strip consumers of their rights to take a company to court. Arbitration is a mediation process that involves no judge, jury, or right to appeal. Mandatory arbitration means that a company is requiring its consumers or employees to submit any disputes to arbitration thus requiring them to waive some of their legal rights. Under mandatory arbitration clauses consumers cannot sue for negligence, scams, or defective products, or participate in a class action suit.

Companies usually mandate that consumers and employees use an arbitrator that they designate. They also demand that the process and outcome of the arbitration remain secret so there is no public review of the decisions made. Also, arbitration can be more costly than public court proceedings. There are still companies that do not require mandatory arbitration. Advise clients to read all contracts thoroughly and try to avoid those with mandatory arbitration clauses.



Advise clients to read the fine print of all contracts before signing; several of these contracts may have mandatory arbitration clauses.