

# CONSUMER ALERT

A Publication of the South Carolina Department of Consumer Affairs

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## Prepaid Legal Services

Prepaid legal services are becoming increasingly popular in South Carolina. Have you ever heard of prepaid legal services? Perhaps not, but they have been around for the past 25 years. The state of South Carolina defines prepaid legal services as legal services provided by an individual licensed or admitted to practice law in the jurisdiction in which the services are rendered, and which are provided in return for a predetermined specific periodic fee.

Middle income North Americans are the target of prepaid legal services. Generally, a prepaid group appeals to consumers because finding an attorney can be expensive and prepaid legal services provide a chance for consumers to have legal support at low monthly costs. The consumer buys into a plan and pays on a month to month basis.

Prepaid legal services' plans operate like HMOs. A consumer buys a plan that provides them with certain legal services. When the need arises, the consumer contacts a

provider attorney who either handles the matter or refers it to a local attorney in the consumer's area.

Indeed, prepaid legal services may be convenient for the consumer, yet, there are certain cautions that a consumer must consider prior to joining a prepaid legal service group. The consumer should know what kinds of legal services he or she needs to make sure their specific needs are included in their contract. Know what is not included. Many matters, such as DUI defense or domestic cases, are excluded and some contracts are limited to business or personal policies. The consumer should read and understand the contract prior to signing. If the consumer is not satisfied with the answers that the sales representatives give to his or her questions then the consumer should not sign the contract.

Another important step is checking with the South Carolina Department of Consumer Affairs to see if the prepaid legal service group is registered. You can contact this Department be calling 1-800-922-1594.

The South Carolina Department of Consumer Affairs licenses and regulates all prepaid legal services as of July 1, 2000. That is, prior to commencing business in South Carolina, any

prepaid legal services company must register with the Department. Also, legal services sales representatives must be appointed a representative of a particular prepaid legal service company by filing with the Department.

*Please see the Consumer Checklist below prior to hiring legal counsel.*

## CONSUMER CHECKLIST

- 1. Know what kind of legal services you need, or may anticipate needing.**
- 2. Before signing the contract, check to see if it is a business or a personal policy.**
- 3. See if the total cost covers legal fees and the actual costs that may occur.**
- 4. Will a time arise that you may have to pay beyond the agreed legal fees?**
- 5. Look at the exclusions stated in the contract.**
- 6. Are you getting satisfactory answers from the salesperson?**
- 7. Most importantly, make sure that you have read and that you completely understand the contract.**

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### CONSUMER EDUCATION:

Teachers please discuss this concept with your students!

*The South Carolina Department of Consumer Affairs offers the following services to consumers:*

- \*Analysis and investigation of individual complaints;
- \*Investigation of business practices if patterns of fraud are indicated or suspected;
- \*Referral to agencies with direct jurisdiction for immediate and specific assistance;
- \*Public educational and informational programs designed to educate the consumer about credit practices and problems, unfair and deceptive practices, remedies and relief available to consumers;
- \*Initiation of and participation in legal actions to prevent individuals from violating the S.C. Consumer Protection Code, to prohibit unconscionable conduct, and to protect consumers from paying excessive or unfairly discriminatory utility and insurance rates;
- \*Inform customers who file requests under the Freedom of Information Act whether complaints have been filed against a particular company and how complaints were resolved;
- \*Legal representation of the public in utility and insurance rate and policy proceedings before State and Federal regulatory agencies;
- \*Licensing and regulation of motor clubs, rent-to-own businesses, physical fitness service organizations, pawn brokers, mortgage loan brokers, automobile brokers, athletic agents, staff leasing companies, continuing care retirement communities, and telephone solicitations.

For more information see our web site:

[www.state.sc.us/consumer](http://www.state.sc.us/consumer)

#### To Request Free Educational Materials or Arrange for a Speaker Contact:

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1-800-922-1594  
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**Consumer education should start now!**

## Facts for Consumers:

### Solving Consumer Problems: Fast Facts:

- \*Whenever you have a problem with a product or service, first discuss your complaint with the merchant.**
- \*If necessary, write a letter to the company's consumer affairs office or its president. Your letter should be brief and to the point. See the sample letter below.**
- \*You also might contact organizations and agencies that provide consumer assistance. In addition, dispute resolution programs offer more substantive consumer assistance through mediation and arbitration.**

#### Sample Complaint Letter:

(Your address)  
(Your City, State, Zip Code)  
(Date)

(Name of Contact Person)  
(Title)  
(Company Title)  
(Street Address)  
(City, State, Zip Code)

Dear (Contact Person):

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

Unfortunately, your product (or service) has not performed well (or the service was inadequate) because (state the problem).

Therefore, to resolve the problem, I would appreciate your (state the specific action you want). Enclosed are copies (copies, NOT originals) of my records (receipts, guarantees, warranties, canceled checks, contracts, model and serial numbers, and any other documents).

I look forward to your reply and a resolution to my problem and will wait (set a time limit) before seeking third-party assistance. Please contact me at the above address or by phone (home or office numbers with area codes).

Sincerely,  
(Your Name)  
(Your Account Number)

# SCAMS

### Online Auctions Top List of Internet Fraud at Internet Fraud Center:

In the year of Y2K, the number one source of fraud according to the FBI is online auctions. This past year the FBI along with the Department of Justice set up the Internet Fraud Complaint Center. Since it opened in May 2000, the Center has received approximately 1,000 complaints a week. Though not fully up and running the Center expects at least 1,000 complaints a day starting November 2000 when the Center will be linked to such major search engines as Yahoo and America Online. The FBI has referred some 4,000 cases to law enforcement agencies concerning online auctions confirming suspicions fueled by tales of fraudulent paintings and kidneys sold for transplants. The second most common complaint received by the center is products that are ordered but never received.

Victims of this scam have lost an average of \$800 and are mostly men. Some law enforcement agencies are ill prepared to handle the cases referred to them, says Richard Johnson, Director of the Justice Department's National White Collar Crime Center, Inc. Therefore, the Internet Fraud Complaint Center was established to help these law enforcement agencies.

Source: USA Today




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