

CONSUMER ALERT

A Publication Of the South Carolina Department of Consumer Affairs

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Weigh Your Options Before You Decide to Rent-to-Own

Rent-to-Own services can be rendered in numerous ways. For example, you can rent-to-own a home and nearly everything for your home. Rent-to-own retail stores rent-to-own televisions, VCR's, stereos, washers, dryers and other appliances. As a consumer, please beware.

The concern is that sometimes consumers have to pay double or more than the dollar value or worth of an item when they rent-to-own. This is because the rental charges are often set high enough that they would be 50% APR or higher if they were construed as an interest rate. On occasion, the rented items are returned to the rent-to-own retailers after a short period of time because the consumer can not keep up with the costly payments.

Rent-to-own is popular among people with poor or bad credit, yet it is an expensive way to acquire an appliance.

The rent-to-own industry tends to target persons with relatively low incomes and between the ages of 25 and 44. Direct mailing with rent-to-own brochures entices many consumers.

Sometimes, consumers have bad

credit and they feel this is their only option. However, the price consumers pay through rent-to-own plans is too high, according to many consumer advocates.

A consumer may opt not to rent-to-own because there are alternatives. For example, a consumer may truly be able to get credit. Many automatically assume that he or she has bad credit without even applying for credit. A lot of rent-to-own merchandise is used. Therefore, a consumer may choose to look in the classified section of a newspaper or trader for a particular item. Also, layaway plans tend to have lower interest rates than rent-to-own plans. As a last resort, one may choose to wait and save enough money to buy the item.

As a consumer, you should not be taken advantage of. Prior to renting, call the South Carolina Department of Consumer Affairs to see if any complaints have been filed on a particular business.

In 1985, the S.C. Code of laws changed with the addition of new legislation. The new law stated that rent-to-own was not considered a credit sale. The alteration also required dealers to tell customers whether the appliance they were going to rent was new or used, how much each payment will be, and how many payments they must make before they own an appliance. In addition, the new legislation allowed consumers to save money by buying the appliance before the last scheduled payment. The law

also requires a rent-to-own company to give customers adequate notice before it repossesses an appliance for non-payment. After proper notice has been given and the appliance repossessed, however, the customer has 60 days to make the past-due payment and pay the late payment charges. In addition, the law of South Carolina sets limits on charges for late payments.

The legislation which was added to the S.C. Code of laws was supported by some rent-to-own business owners as they felt some sort of regulation needed to be passed since there were rent-to-own businesses out there trying to take advantage of customers, charging the equivalent of 200% interest in some cases.

The S.C. Consumer Protection Code requires that persons who make consumer credit sales, leases or loans or persons who engage in rent-to-own, and persons who take assignments of rights against debtors arising from such transactions are required to file a notification form and pay a notification fee to the S.C. Department of Consumer Affairs for each location at which such transactions are made.

The South Carolina Department of Consumer Affairs actively protects, educates and represents consumers in a changing and challenging economy.



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Consumer Education:

Teachers please discuss this concept with your students!

What issues should I be aware of when I evaluate television advertisements for toys?

- 1- Toy ads may exaggerate a toy's performance.
- 2- Toys may require special skills or extensive practice.
- 3- Toys may not be sold with all the pieces displayed in the ad.
- 4- Toys may have to be assembled.

Furthermore, toys advertised on televisions can be an important part of a child's "wish list" for birthdays or holidays. Television advertisements are an important source of information about toys. After all, they show children new products and help illustrate what these products can do. But some children, especially young ones, may have trouble separating facts from fantasy in ads-figuring out how a toy works outside its imaginary setting or determining whether toy parts shown are sold separately.

To prevent disappointment, you can help your children better understand what they see on television ads. For example, you may explain that toys advertised on TV, like all products, are made to seem as appealing as possible. You also may point out that the purpose of advertising is to sell products, and that not all information about a toy may be included in the ad.

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

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Consumer education

should start now!

For a FREE "Toy Ads on Television" brochure see the above information.

Fast Facts:

Prize Offers:

Facts for Consumers:

- * Be skeptical of letter and postcards that look official and urgent.
- * Read carefully any letters about postcards that offer "fabulous" prizes.
- * Think carefully before you attend a sales presentation for the sole purpose of winning an "expensive" prize.
- * Your chances of winning a truly valuable prize through contest offers are likely to be very slim.
- * Beware if you must purchase merchandise or services before you receive your "prize."
- * Call your state or local consumer protection office to inquire about the seller's reputation.

Scenario

Congratulations! It's your lucky day! You have won one of the following fabulous prizes: a diamond pendant; a deluxe vacation for two; a food processor; a stereo system; or a six-foot grandfather clock.

If you receive a letter like this, you should be skeptical about the value of your "fabulous" winnings. The prize you win may not be worth the effort to collect it.

What could be wrong with these prizes? You need to see them to understand. The diamond is probably the size of a pinhead. The vacation for two might be a certificate for inexpensive lodging, which might also include so many restrictions as to be worthless. The food processor might be more accurately described as a hand-operated food chopper. The stereo system might be a plastic toy that fits in your hand; and the clock may turn out to be made of

cardboard or plastic.

These deceptively-described prizes are sometimes used as an inducement to attract customers to sales meetings for land or for vacation "timesharing." Other times, the promoter may be selling products like a year's supply of vitamins or a water purifier, and using the "prizes" as a way to encourage consumers to call the number listed on the postcard or letter.

The next time you get mail that says it's your *lucky day* remember the 'fast facts.'

"You can fool some of the people all of the time, and all of the people some of the time, but you can not fool all of the people all of the time." -Abraham Lincoln

SCAMS

Downloading particular programs on your computer may cost you hundreds of dollars in unexpected telephone charges, according to the National Consumers League's Internet Fraud Watch. Some programs are designed to disconnect the computer from the computer's regular Internet Service and reconnect it directly to the entertainment provider by dialing a phone number in Africa or in another country.

The entertainment providers are appealing to consumers because they do not require any personal information, nor do they require a credit card. Many of the sites offer "adult content," but others are used to connect consumers to games, music videos, or other forms of entertainment. Thus, they are particularly enticing to children.

Unfortunately, the parents may end up being responsible for the charges, which appear on their phone bill as foreign calls.

There are two problems with this method of entertainment services:

#1- The information about how the program works and the telephone charges that will result may not be provided or may be buried deep within a long user agreement.

#2- There is no way to ensure that the person who downloads the program is the person who is responsible for the phone bill.

Source: National Consumers League

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