

CONSUMER ALERT

Providing consumers with knowledge to make informed decisions

A Publication of the South Carolina Department of Consumer Affairs

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Avoiding Home Repair Fraud

If you own a home, then you are undoubtedly going to need repairs from time to time. We all find the occasional need to fix certain things up around our homes, whether it repairing a roof, cutting down a tree, or painting. Yet, the greatest challenge to consumers is distinguishing between con artists, who should be avoided and reputable contractors, who are licensed and experienced professionals.

Home repair fraud continues to be one of the top complaints The Department receives.

There are ways to avoid home repair scams and fraud, however. Most 'scam artists' will use similar techniques to sell you their shoddy services.

When approached by a service vendor, protect yourself against possible price gouging or other unconscionable practices by carefully checking:

- # Does the vendor have valid identification showing his full name, business location, and telephone number?
- # Is the vendor a local business and how long has it been in the business it offers to provide?
- # Does the vendor have a business license or permit valid in your county and/or community?

Contents:

Avoiding Home Repair Fraud.....	1
Did You Know That.....	2
Consumer Education.....	2
Consumer Crusader.....	2
Scams.....	2

To help consumers avoid possible misunderstandings about home improvements, follow these guidelines and insist upon a written contract. Some of the most common problems with home repair contractors can easily be avoided. If you are not offered a written contract, draw one up yourself and have your contractor sign it. If in doubt, or if you are agreeing to spend a lot of money, you should have a local attorney go over your contract **before you sign.**

- 1.) **Get at least three estimates or bids.** Be certain each contractor bids on exactly the same work. If one contractor bids on more work than others, make a note of it. In any event, all bids should be itemized.
- 2.) **Know who you are dealing with.** Find out the contractor's address and verify it.
- 3.) **Check referrals.** Ask for the names and phone numbers of their last three jobs. By asking for the most recent jobs, you keep the contractor from selecting the few people that will give them a positive referral. Don't be afraid to call a stranger, as most people are glad to let you know what their experience with the contractor was like.
- 4.) **Agree before you sign a contract when payment will be due.** A reputable contractor can usually charge building materials and does not normally require a large down payment. Where one is required, it should not exceed 10%-25% of the total price.

5.) **Be specific.** Have samples, model numbers, or anything else that will show the contractor exactly what you want.

6.) **Be certain the materials you have selected are what you want.** Changing your mind in the middle of construction can be costly.

7.) **No one is required to guarantee their work or product.** If you want a guarantee (warranty) make sure it is written in the contract and you understand it. If you are dissatisfied with any part of the work, speak up before the job is completed.

8.) **Contracts should specify a beginning and completion date, exact description of the job to be done, total cost of job, exact schedule for payment and what warranty or guarantee can be expected.**

9.) **Do not pay the contractor or repairman the full amount due until the job has been completed satisfactorily.** Often, large projects payments are based on portions of completed work.

10.) **Keep a signed readable copy of the contract in a safe place.**

There is no checklist that can eliminate all homeowner/contractor disputes, but these checklists will help the probability of a successfully completed project.

To check on a contractor, please call :
South Carolina Dept. of Consumer Affairs
1-800-922-1594
South Carolina Residential Home Builders Commission
803-896-4696

Did You Know That...

Consumer Education

SCAMS

Pyramid Schemes Are Illegal

The Fair Credit Reporting Act (FCRA) is designed to help ensure that consumer reporting agencies furnish correct and complete information to businesses to use when evaluating your application.

Your rights under the Fair Credit Reporting Act include:

- You have the right to receive a copy of your credit report. The copy of your report must contain all of the information in your file at the time of your request.
- You have the right to know the name of anyone who received your credit report in the last year for most purposes or in the last two years for employment purposes.
- Any company that denies your application must supply the name and address of the consumer reporting agency they contacted, provided the denial was based on information given by the credit reporting agency.
- You have the right to a free copy of your credit report when the application is denied because of information supplied by the credit reporting agency. Your request must be made within 60 days of receiving your denial notice.
- If you contest the completeness or accuracy of information in your report, you should file a dispute with the consumer reporting agency and with the company that furnished the information to the consumer reporting agency. Both the consumer reporting agency and the furnisher of information are legally obligated to reinvestigate your dispute.
- You have a right to add a summary explanation to your credit report if your dispute is not resolved to your satisfaction.

What is the Gramm-Leach-Bliley Act?

The Gramm-Leach-Bliley Act is a new federal law established under the Financial Services Modernization Act. The act was established to protect consumers. It stated that by July 1, financial institutions were to inform their customers how they used their personal data and how they collected it. In the information sent to the customers, the customers were then given the option to opt-out of having their personal information shared with third parties, including marketers and information brokers. The problem is that according to recent research by the American Bankers Association, only 38% of consumers were reading the privacy statements. Many threw it out thinking it was 'junk mail'.

Source: *The Wall Street Journal*

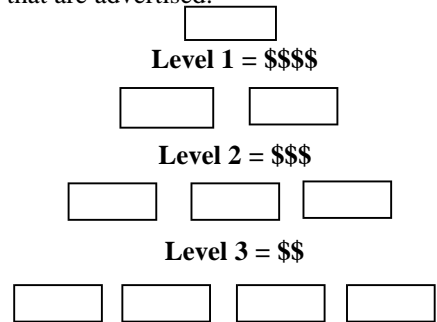
Pyramid schemes are illegal, under the Federal Trade Commission Act. They are schemes that are organized so that large numbers of people at the bottom of a pyramid pay money to few people at the top. Each new participant pays for the chance to advance to the top and profit from payments of to others.

Pyramid schemes have recently made headlines in South Carolina. Consumers in South Carolina along with thousands of Americans have lost millions of dollars participating in pyramid schemes. Many of the victims knew they were gambling (although they did not know the odds were against them). Many others, however, thought they were paying for help in starting a small business of their own. Many are easily fooled by pyramid schemes disguised to look like legitimate businesses. Consumers are too often misled by claims about the likely financial returns. Because it is only possible to earn money by recruiting others into the scheme, the late investors, or those at the bottom of the pyramid do not make the lucrative profits that are advertised.

CONSUMER CRUSADER SAYS



The Bottom Line:
If a product or service sounds too good to be true, IT IS!
AVOID IT!



Sources: Consumers' Institute of New Zealand and Direct Selling Education Foundation

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 Sherry Gore King....Education Coordinator
 Shana Kinard.....Newsletter Editor

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