

# Consumer Alert

*Providing consumers with knowledge to make informed decisions*

A Publication of the South Carolina Department of Consumer Affairs  
 Brandolyn Thomas Pinkston, Administrator

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**Happy Holidays!**

*Dates to Remember in January:*  
**Satellite Office Location and Dates**

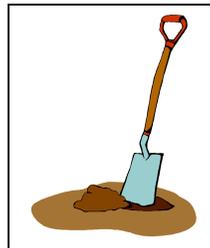
Summerville	January 13
Laurens	January 20
Gaffney	January 27

**Consumer Alert:**

*A Publication of the South Carolina Department of Consumer Affairs  
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**Digging Yourself  
 Into Debt...**

## *The Truth About Title Loans*

When an unexpected bill or expense appears, consumers often find it difficult to make ends meet. Thinking there are no other options, some consumers may decide that a title loan is the best solution. By borrowing money against their motor vehicle, consumers put themselves at greater risk of digging themselves into debt.

Title lenders prey on consumers' vulnerability. With advertisements extolling how fast it is to access easy money, consumers fall prey to the lenders' exorbitant interest rates and often-impossible payment plans.

As supervised lenders, title lenders are authorized to make loans with finance charges exceeding 12% Annual Percentage Rate (interest). Usually consumers are charged up to 300% APR for title loans. In a typical title loan transaction, the consumer is seldom able to make the entire interest and principal payment in 30 days.

Consider this: In Florence County, a consumer borrowed \$800 from a title lender. According to the transaction, the consumer was obligated to make one payment of \$997.40 in 30 days at 300% APR.

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About the South Carolina Department of Consumer Affairs:

Established by the Consumer Protection code in 1974, The South Carolina Department of Consumer Affairs represents the interests of South Carolina Consumers. Our mission is to protect consumers from inequities in the marketplace through advocacy, mediation, enforcement and education. For more information, visit [www.state.sc.us/consumer](http://www.state.sc.us/consumer).



## Make it a Jolly Holiday: Avoid the Holiday Blues

In 2003, the average American spent \$835 on Christmas expenses, charging much of this amount to credit cards. Consequently, although the holiday season was bright with merriment and good cheer, many Americans soon

became glum from the onslaught of excessive bills they received in the New Year.

There are several ways consumers can avoid the holiday blues by shopping wisely.

- First, consumers should make a list of holiday expenses in order to eliminate last minute purchases. By sticking to their lists, and checking them twice, consumers can avoid the dangers of impulse buying.
- Second, consumers should start saving for their holiday purchases, or if needed, reduce expected costs by buying less, or purchasing less expensive items.
- Third, consumers should avoid increasing their credit card debt by paying for their holiday purchases in cash, when possible.
- Fourth, as it is easy to go overboard when shopping for gifts, make a list of what you want to buy and how much you want to spend, thereby avoiding falling into holiday debt.

### Title Loans Continued from Page 1:

Over the next seven months the consumer paid \$1060, all of which was applied to the interest owed. In the middle of the 7<sup>th</sup> month, the title lender sent a notice of cure, claiming the consumer still owed the original \$800 principle balance, plus another \$294.48 in interest.

In situations like this, when a notice of cure (reminder of debt) is sent and the consumer cannot pay the debt, or bring the account current, the consumer's vehicle will be repossessed.

A typical title loan transaction is a loan of at least \$601 set up for one payment due in 30 days. As title lenders are restricted by law to limit the APR on loans under \$601, they often avoid the limitation on the interest rate by not offering loans under this amount.

In order to avoid incurring tremendous debt, consumers should always try to find an alternative source for money before they consider title lenders.

- Try to secure a loan from a friend or family member.
- Apply for a bank loan.
- Always shop around for the lowest interest rate before you sign a loan contract.

## SCAM ALERT!

Claiming telemarketers will gain access to cell phone numbers effective Jan. 1, 2005, fraudsters are warning consumers to register their cell phone number with a "Do Not Call" registry. Consumers beware – this is a scam! Do not call the number they provide or log onto the Web site they direct you to. Telemarketers will **NOT** gain access to consumers cell phone numbers in the New Year.



### SCDCA Holiday Spirit!

Department employees stand beside the 41 gifts they donated to the Adopt-A-Child Project. One eleven-year-old girl and her eight-year-old brother were the deserving recipients.

## Questions About a Business?

The South Carolina Department of Consumer Affairs' Buyer Beware List has answers. Check out the list at [http://www.state.sc.us/consumer/material/buyer\\_beware\\_list.pdf](http://www.state.sc.us/consumer/material/buyer_beware_list.pdf) in order to protect yourself as a consumer of products and services in South Carolina.

If you have questions about other businesses, or would like a copy of the list, contact the South Carolina Department of Consumer Affairs at [www.state.sc.us/consumer](http://www.state.sc.us/consumer), or at (803) 734.4200, or (800) 922.1594 (toll free in South Carolina).

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