

Consumer Alert



A publication by the South Carolina Department of Consumer Affairs



Test Your Financial Literacy IQ

April is Financial Literacy Month. SCDCA could not think of a better time to help you increase your financial literacy IQ. Having the skills to make informed decisions in the marketplace is important. This not only includes understanding finance basics but also your rights as a consumer. Test your knowledge with our mini-quiz and see how your financial IQ measures up.

1. If you agree to cosign a car loan for your younger sister and she defaults on the loan, can you be responsible for any of the debt?

- A. No, as a cosigner, you are only acting as a reference
- B. Yes, for 50% of the debt
- C. Yes, for 100% of the debt

2. The outstanding balance of a loan, not counting interest and other charges, is called the principal.

True or False

3. As a South Carolina resident, a credit reporting agency can charge you \$___ to put a security freeze on your credit report:

- a. \$10
- b. \$5
- c. \$0
- d. \$7

4. If you are denied credit, you are entitled to a free copy of your credit report, but you must request it within how many days?

- a. 30
- b. 60
- c. 90

5. If you have a credit card balance of \$2,000 and an interest rate of 15%, how long will it take you to pay off your balance if you make the \$30 minimum payment every month? How much will you pay total?

- a. 2 years and \$2,960
- b. 5 years, 2 months and \$3,122
- c. 1 year, 6 months and \$2,085
- d. 11 years, 7 months and \$4,182

Answers can be found on page 5. To increase your financial literacy IQ check out SCDCA's publications. Simply visit www.sconsumer.gov/publications.htm. You can also access videos on debt collection, id theft and more at www.youtube.com/SCDCATV.

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Dealing with Debt

Many consumers have bills carrying over as a reminder of the past holiday season. If you are having difficulty making payments on your debt, you may be contacted by a debt collector or want to contact a credit counselor for help. It is important to know that state and federal laws provide protections for consumers in these areas.

Debt Collection

A debt collector CANNOT:

- Call you before 8 a.m. or after 9 p.m.
- Talk to 3rd parties about your debt.
- Harass, oppress, or abuse you.
- Misrepresent the character, amount or legal status of the debt.



Have a Plan

Just need a little help to get you back on the right financial path? Here are some tips to get started:

- Make a budget and stick to it.
- Contact your creditor if you think you will be unable to pay. Ask the creditor for a new repayment plan. If they agree, get the plan in writing.
- Check your credit report at least every 12 months for accuracy.

Stop Contact

Federal law allows you to write a 3rd party debt collector, telling them to stop contacting you at home. Once the collector receives your letter, they may not contact you again except to say they will no longer contact you or to notify you that the debt collector or creditor intends to take some specific action.

REMEMBER: *This does not make the debt go away.*

You and your employer also have the right to tell a debt collector, whether its the original creditor or a third party, to stop contacting you at work. This must be done in writing.

Consumer Tip: Keep a copy of the letter for your records. Send the letter certified mail, return-receipt requested.

Credit Counseling & Credit Repair

Credit counseling includes: debt management, debt settlement/negotiation and credit repair. People offering or providing credit counseling services to South Carolina consumers must be licensed with the SC Department of Consumer Affairs (SCDCA). To see if a credit counselor is licensed, contact us toll free at 800-922-1594 or visit our website www.scconsumer.gov. In addition to making sure a company is licensed with SCDCA, before you hire a credit counselor, follow these steps to protect yourself:

- Check with SCDCA and the Better Business Bureau to see if they have any complaints filed against them.
- Research the qualifications of the company and its employees.
- Determine what services are offered to make sure they meet your needs.
- Find out what the services cost.
- Avoid companies that ask for an up-front fee. That's illegal!

National Consumer Protection Week in Review

SCDCA celebrated the 13th Annual National Consumer Protection Week (NCPW) March 7th-11th. SCDCA sponsored a number of activities throughout the state in an effort to help consumers increase their financial literacy, spot and prevent fraud and avoid becoming a victim of identity theft.

This year the agency held three shred days in Charleston, Columbia and Greenville for consumers. The turn out at all locations was fantastic! Shred 360 provided the shredding services resulting in approximately 30,000 pounds of paper being shredded.



The Department also partnered with the US Postal Service and the Better Business Bureau for three phone banks across the state. Consumers in Columbia and Spartanburg had the opportunity to call in and have their scam questions answered. Hundreds of calls were fielded by the partner representatives.

In October, SCDCA announced a statewide essay contest for South Carolina's 4th, 5th and 6th graders for a chance to win a \$100 savings bond, courtesy of the South Carolina Bankers' Association. In 250 words, entrants addressed the topic "If I Had \$100, I Would..." Over 450 students from across the state submitted what

they would do with \$100, with some wanting to start their own business while others focused on giving to charity or saving. All the entries made clear that SCDCA's mission of encouraging students to think about fiscal responsibility and finances through this competition was a success.



We congratulate the following ten winners who were recognized during an Awards Ceremony at the Statehouse Capitol Rotunda on March 9th: **Colin Baker**, Pinewood Preparatory School; **Lily Haire**, Palmetto Christian Academy; **Luke Hopkins**, Cherokee Trail Elementary; **Jaquawnya McElveen**, Ronald E. McNair Middle School; **Jack Gadol**, Pinewood Preparatory School; **Baileigh Harrelson**, Thomas Sumter Academy; **Latreana Jordan**, North Central Middle School; **Pearce McWhirter**, Lewisville Elementary; **McKenna Rossomme**, Pinewood Preparatory School; **Kirkland Smith**, Pinewood Preparatory School. The winning essays can be viewed on our website at www.sconsumer.gov/essay_contest/Winning%20Essays2011.pdf.



Recall Round-up from CPSC



Lasko Box Fans

Hazard: An electrical failure in the fan's motor poses a fire hazard to consumers.



Infantino
"Troy the Activity Truck"

Hazard: The plastic beads on the activity truck's bead runs can detach, posing a choking hazard to young children.



Holiday rattle baby slippers
(sold exclusively at Walgreens)

Hazard: The internal stuffing and rattle inside the slippers decorative figures can be pulled out, posing a choking hazard to young children.



Kawasaki Motors Gasoline-Powered Backpack Blowers

Hazard: The gasoline tank can split and leak fuel, posing a fire hazard to consumers.

For a complete listing of recalled products, visit the U.S. Consumer Product Safety Commission (CPSC) at www.cpsc.gov. If you purchased a recalled product, the retailer should have information for you. If you find a recalled item on the shelf or have any questions about recalled products, contact the CPSC at 800-638-2772.

Lower Richland High School to Represent South Carolina at 2011 National LifeSmarts Competition

SCDCA would like to congratulate Lower Richland High School for being the 2011 South Carolina LifeSmarts Champion. The team consists of Tari Tucker, Coach; Justice Nathan, Captain; Nivean Gonzales-Lara; Celeste Martin; and Miriam Williams. The students

will represent South Carolina at the National LifeSmarts Competition April 30th- May 3rd in Universal City, California.



LifeSmarts, the ultimate consumer challenge, is an educational opportunity that develops the consumer and marketplace knowledge and skills of students in a fun way. LifeSmarts topics are: personal finance; health and safety; the environment; technology; and consumer rights and responsibilities. The program can be used as an activity for classes, groups, clubs, and community organizations. LifeSmarts, run as a game-show style competition, is open to all 6th-12th grade students in the United States.

SCDCA is the South Carolina partner organization of LifeSmarts, a program of the National Consumers League, and receives assistance with funding the program from the South Carolina Financial Services Association. For more information on LifeSmarts visit Lifesmarts.org or contact SCDCA at 800-922-1594.

SCDCA Receives Award for Consumer Alert

SCDCA recently received a “Notable State Document Award” for its publication, *Consumer Alert*. The South Carolina State Library presented SCDCA and nine other winners with an award on March 16. The annual “Notable State Documents Awards” recognize state governmental publications of outstanding merit and usefulness to South Carolinians.

SCDCA has been publishing the *Consumer Alert* for eleven years. The purpose of the publication is to alert the public on scams, product recalls and consumer rights and serves as an educational tool not only for consumers, but for businesses and government agencies as well.

This award marks the second time SCDCA has been acknowledged for the *Consumer Alert*. In 2007, the National Association of Consumer Agency Administrators awarded SCDCA the “Achievement in Consumer Education (ACE) Award” for the publication.

Financial Literacy IQ Answers

1. C- When you cosign on a consumer contract, the bank can hold you responsible for 100% of the debt if the borrower does not pay it. Think carefully before you sign on the dotted line.
2. True. The principal amount is the amount you charged or amount of the loan. Principal plus any interest and charges that are added equal your balance- the total amount you owe the lender.
3. C - Under South Carolina law, a credit reporting agency cannot charge a consumer any fee to place, temporarily lift or permanently remove a security freeze on the consumer’s credit report.
4. B- Federal law allows a consumer to get a free credit report when denied credit, but it must be requested within 60 days of receipt of the denial.
5. D- It will take you 11 years, 7 months and \$4,182 to pay off the debt. That’s over \$2,000 in interest!



Twitter. SCDCA is tweeting! We are proud to present our Consumer Help and Awareness Tips (CHAT). Our CHATs cover current consumer issues and SCDCA news.



YouTube. Want to know how to place a security freeze on your credit report? Looking for information on the latest scams? Visit our YouTube channel to view videos on these topics and more: www.youtube.com/SCDCATV



Website. Not a “tweeter” or YouTube enthusiast? No problem! You can always find the latest on our home page at www.sconsumer.gov.

South Carolina Department of Consumer Affairs

Established by the Consumer Protection Code in 1974, the South Carolina Department of Consumer Affairs represents the interest of South Carolina consumers. Our mission is to protect consumers from inequities in the marketplace through advocacy, mediation, enforcement, and education. The Department strives to be a **CREDIT** to our State: **C**ompetence **R**espect **E**quality **D**edication **I**ntegrity **T**imeliness. For more information on the SCDCA, visit www.sconsumer.gov.

The Commission on Consumer Affairs

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