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CONSUMERS REPORT MORE COMPLAINTS ABOUT ILLEGAL DEBT COLLECTION PRACTICES IN 2005

Home Improvement, Debt Collectors, Electronics, Furniture & Used Car Sales Make 2005 "Top 5 List" of Complaints Received at the DCA; More Than \$3.6 Million in Restitution Secured, Including \$545,000 for New Yorkers with Debt Collection Complaints

The New York City Department of Consumer Affairs (DCA) received more than 6,000 valid total consumer complaints in Fiscal Year 2005 (July 1, 2004 - June 30, 2005). During that time, the DCA mediated complaints to secure more than \$3.6 million in total restitution for New York City consumers. Each month, the DCA is contacted by an average of 5,000 New Yorkers and others who want to file a complaint, request information, offer a tip, and more. In FY 2005, unlicensed and unscrupulous home improvement contractors and illegal debt collection practices were the top two complaints received from consumers - and are on the rise. Figures on debt collection complaints over the last six months show complaints are already nearing last year's total. Other top complaint categories include electronics, furniture, and used car sales.

The DCA enforces the landmark New York City Consumer Protection Law, as well as licensing and weights and measures laws. The following list highlights the top five complaints filed with the DCA in FY 2005 and provides tips on how New York consumers can protect themselves.

To file a complaint or for more information including free copies of the DCA's consumer and business publications, call 311 - New York City's 24-hour hotline (or 212-NEW-YORK from outside the five boroughs) - or go online to www.nyc.gov/consumers.

1. HOME IMPROVEMENT CONTRACTORS

Home improvement contractors remain the DCA's number one complaint, with more than 1,000 complaints filed last year and more than 660 so far this year. There are approximately 8,000 licensed contractors in New York City, but many others are unlicensed, uninsured, and unreliable. If not careful, consumers can be taken for a ride, whether it's having a home left in shambles or paying up-front for services not rendered. The DCA's Home Improvement Contractor Trust Fund provides protection for homeowners using a licensed contractor, with payments up to \$15,000 if the contractor goes out of business or skips town.

TIPS: Call 311 and check with the DCA if a vendor is licensed and if they have a record of complaints. Go online to www.nyc.gov/consumers to check the DCA's instant HIC license check. Only use a licensed contractor. Check the contract carefully, especially for a cancellation notice. Avoid paying the contract in full prior to completion of the work. Set up a progress payments schedule on your contract so that payments are tied to specific work progress with final payment due when all the work is completed to your satisfaction. Never pay cash.

2. DEBT COLLECTORS

The DCA received 630 complaints against debt collectors last year, and nearly 400 so far this year. Any vendor collecting debts from New York City residents must be licensed by the DCA. Complaints regarding

debt collectors generally concern debts that the consumer says he or she does not owe or alleged harassment tactics by the debt collector, like calling in the middle of the night or contacting a relative or employer.

TIPS: Make sure the debt collector is legitimate and has a license. Also make sure the business which is owed the debt is legitimate. Confirm all agreements to resolve a debt in writing. Don't ignore a debt collector, as even a small debt could hurt your credit rating.

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3. ELECTRONICS

Consumers can easily get scammed if they are not careful when looking for a bargain on electronics. Last year, the DCA received 590 complaints about electronics sales. Most common complaints include purchasing damaged or defective goods, unwanted "add-on" items, or improper pricing. Consumers also can get lured into stores with "bait and switch" schemes that advertise great deals that really aren't available. Shoppers looking for good deals end up paying significantly more for unwanted merchandise that were described as necessary items. Meanwhile, these "items" often are the battery or pieces that already came with the product.

TIPS: Always shop at licensed electronics stores - they are required to post their DCA license conspicuously. Request an itemized receipt and examine it closely for hidden charges. Look for the store's refund policy, which should be posted. Shop around and do some research on pricing - if you know how much an item generally goes for, you will know if something looks high or is a good deal. Avoid buying extra warranties that may not afford you anything that isn't already covered by the manufacturer's and retailer's warranties. Ask the retailer if any express written warranties already come with the product and review the terms before agreeing to pay for additional warranties being offered through a service contract. If there is no written warranty from the manufacturer, you may be dealing with a "grey market" item which means it was not intended for sale in this country and is not covered by a manufacturer's warranty.

4. FURNITURE STORES

The DCA does not license furniture stores, but they must comply with the City's Consumer Protection Law regulations. Last year, the DCA received more than 556 complaints about furniture sales - 74% more than the year before. Most consumers complain about defective or damaged merchandise or items that never get delivered. For example, one consumer was delivered the wrong item, refused the delivery and was refused a refund. Other complaints include billing disputes.

TIPS: Check on the complaint history of a business before purchasing merchandise. Ask for an exact delivery date and insist it be written on the receipt. If not posted, ask for the store's refund policy in writing and examine your receipt closely.

5. USED CAR SALES

Last year, the DCA received approximately 450 complaints about deceptive and unfair used car purchases. Most common complaints include "bait and switch" offers to lure potential customers into the dealership, unclear contract terms, and high pressure sales tactics. Other obstacles for consumers include language barriers, or contracts negotiated in one language but written in English, causing confusion of terms and conditions.

TIPS: Make sure the dealership is licensed by the DCA. If a contract is negotiated in Spanish, it must be written in Spanish. Never sign a contract before reading all the terms and conditions. Avoid financing through a car dealer - if you need financing, always get it from a local credit union or financial institution.