

Thursday, February 8, 2007

## **DEPARTMENT OF CONSUMER AFFAIRS REPORTS AN INCREASE OF 40% IN RESTITUTION SECURED FOR NEW YORKERS WITH DEBT COLLECTION COMPLAINTS**

### ***Home Improvement, Debt Collectors, Furniture, Electronics & Used Car Sales Make 2006 "Top 5 List" of Complaints Received at the Department of Consumer Affairs***

The New York City Department of Consumer Affairs (DCA) secured the largest increase in the amount of restitution for consumers with debt collection complaints – an increase of 40% from the previous year, while home improvement contractors continued to top the list of complaints received at the Department. In the last year, the DCA has begun to tackle the issues prevalent in the debt collection industry in a strategic and aggressive way, including convening a public hearing and examining trends.

Unfair debt collection practices can hinder the ability for those with financial challenges to climb out of their debt. Such deceptive practices will be among the issues targeted as part of the DCA's newly established Office of Financial Empowerment. The OFE is part of Mayor Bloomberg's aggressive efforts to fight poverty and aims to educate, empower, and protect workers with low incomes so they can make the best use of their financial resources. In addition to creating innovative programs and strategic partnerships, the OFE will combat deceptive business practices, such as abusive debt collection tactics, that may have a disproportionate impact on the poor.

The Department received more than 6,000 consumer complaints in Fiscal Year 2006 (July 1, 2005 – June 30, 2006). During this time, DCA was able to mediate consumer complaints and secure more than \$3.6 million in total restitution for New York City consumers.

The DCA enforces the landmark New York City Consumer Protection Law, as well as Licensing and Weights and Measures laws. As part of National Consumer Protection week, the DCA lists the highlights from the top five complaints filed with the Department in Fiscal Year 2006 and provides tips on how consumers can protect themselves.

**To file a complaint or to request a free publication, call 311 or (212 NEW-YORK), or go online to [www.nyc.gov/consumers](http://www.nyc.gov/consumers).**

### **1. DEBT COLLECTION AGENCIES**

The DCA received more than 850 complaints against debt collectors last year - and more than 400 so far this year. In fiscal year 2006, more than \$760,000 in restitution was secured for consumers with debt collection complaints – 40% more than the previous year. Any business 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 contacting an employer or calling in the middle of the night.

**TIPS:** Always make sure the debt collector is licensed by the New York City

Department of Consumer Affairs. If you do not recognize the debt, or question whether the debt is legitimate, write a letter to the debt collection company asking for verification of the debt within 30 days of receipt of the letter from the debt collection agency. Confirm all agreements to resolve a debt in writing. Do not ignore a debt collector, as even a small debt could hurt your credit rating.

## **2. HOME IMPROVEMENT CONTRACTORS**

Complaints against home improvement contractors continue to top the list of DCA complaints, with approximately 1,300 filed last year and more than 650 so far this year. There are approximately 9,700 home improvement contractors licensed to operate in New York City; however, others are unlicensed and uninsured. The DCA's Home Improvement Contractor Trust Fund provides additional protection for homeowners using a licensed contractor, with payments up to \$15,000 if the contractor goes out of business or skips town. If not careful, consumers can be taken advantage of.

**TIPS:** Call 311 and check with the DCA if a vendor is licensed and if they have a record of complaints or violations. Or use the DCA's Instant License Check online at [www.nyc.gov/consumers](http://www.nyc.gov/consumers). Consumers should only use a licensed contractor to ensure they are properly insured and that the DCA can intervene on your behalf if there is a problem. Always check the contract, 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.

## **3. ELECTRONICS**

If you are not careful, it is easy to get scammed when looking for a bargain on electronics. The DCA received more than 900 complaints last year about electronic sales. Most complaints include improper pricing, purchasing damaged or defective goods, and unwanted "add-on" items. Consumers can also be lured into stores with "bait and switch" schemes that advertise great deals that aren't really available. Often shoppers looking for good deals end up paying significantly more for unwanted merchandise that was described as necessary. These are often items that already come with the product.

**TIPS:** Electronic stores operating in New York City must be licensed by the DCA. Always shop at licensed electronic 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 must be posted. Shop around and do some research on pricing before making a purchase. If you know how much an item generally sells for, you will know if something looks expensive or is a good deal. Avoid buying extra warranties that may not give you anything that isn't already covered by the manufacturer's and retailer's warranties. Be sure to 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 New York City Consumer Protection Law. This remains one of the department's top complaint

categories. In fiscal year 2006, the DCA received more than 800 complaints about furniture sales – an increase of more than 40% from the year before. Most consumers complain about defective or damaged goods or items that never get delivered. Some complaints include billing disputes.

**TIPS:** Before purchasing merchandise, call 311 and check on the complaint history of the business. Get a receipt that lists all details, including an exact delivery date or guarantee. Examine your receipt closely and, if not posted, ask for the store's refund policy before making the purchase.

## **5. USED CAR SALES**

Last year, the DCA received approximately 560 complaints about used car purchases. Most 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 before making your purchase. If a contract is negotiated in Spanish, it must be written in Spanish. Never sign a contract before reading all the terms and conditions. Don't sign blank contracts or forms, even if you are in a hurry. Avoid financing through a car dealer. If you need financing, always get it from a local credit union or financial institution.