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**DEPARTMENT OF CONSUMER AFFAIRS NAMES DEBT COLLECTOR
COMPLAINTS TOP COMPLAINT OF THE YEAR**

***Home Improvement Complaints Slip to Second Place for First Time in
Agency's History
Consumer Affairs Secures More Than \$8 Million in Restitution for New Yorkers
in 2008***

The Department of Consumer Affairs (DCA) today announced that New Yorkers filed more complaints against debt collectors in 2008 than against any other type of business, marking the first time in the agency's 40-year history that home improvement contractor complaints have not topped the annual complaint list.

DCA received more than 1,200 complaints against debt collectors, nearly 70 percent more than the Department received in Fiscal Year 2007. The Department secured more than \$2 million in restitution for consumers who filed complaints about debt collectors, a staggering 123 percent increase from the previous year. Any business collecting debts from New York City residents must be licensed by DCA and must follow strict guidelines set by New York City Law. Currently, there are approximately 1,100 licensed debt collectors operating in New York City. Consumer complaints regarding debt collectors generally concern debts consumers do not owe or alleged harassment tactics by the debt collector, like contacting an employer or calling in the middle of the night.

"While we encourage New Yorkers to only incur debt they can afford and then pay it off, we also insist that collectors both prove that debt is owed and refrain from harassment," said Consumer Affairs Commissioner Jonathan Mintz. "In tough times like these, Consumer Affairs is more aggressive than ever ensuring businesses are playing fair so consumers are protected."

Last year, DCA secured a total of \$8.4 million in restitution through the Department's mediation and enforcement efforts for New Yorkers who filed valid consumer complaints, an increase of 58 percent over the past year. The Department received and investigated more than 7,600 consumer complaints in FY '08 – an increase of almost 77 percent from 2004 – against businesses that they believe have unfairly taken advantage of them or have misled them.

As part of Mayor Bloomberg's aggressive efforts to fight poverty in New York City, DCA's Office of Financial Empowerment (OFE), the first program implemented under the Center for Economic Opportunity, launched a Citywide public awareness campaign to help New Yorkers struggling with debt find the resources they need to take control of their finances. Mayor Bloomberg announced the campaign in October 2008 as part

of his 18 Initiatives Plan. The year-long campaign encourages City residents to call 311 or visit nyc.gov/ofe to find free or low-cost financial education classes, counseling and workshops available through the City's Financial Education Network directory.

DCA recently testified before the City Council in support of tightening City regulations in the debt-buying industry. Debt buyers are the newest segment of the debt collection industry greatly in need of more stringent regulation because of the added pressures such businesses put upon consumers.

To file a complaint with the Department of Consumer Affairs, or check the license status of a business, call 311 or (212 NEW-YORK), or visit to nyc.gov/consumers.

DCA enforces the Consumer Protection Law and other related business laws throughout New York City. Ensuring a fair and vibrant marketplace for consumers and businesses, DCA licenses more than 70,000 businesses in 55 different industries. Through targeted outreach, partnerships with community and trade organizations, and informational materials, DCA educates consumers and businesses alike about their rights and responsibilities. OFE is the first municipal office of its kind in the nation with a mission to educate, empower and protect New Yorkers with low incomes, to help them make the best use of their financial resources to move forward economically. For more information, call 311 or visit DCA online at www.nyc.gov/consumers.

1. DEBT COLLECTION AGENCIES

DCA received more than 1,200 complaints against debt collectors last year, a nearly 70 percent increase in debt collection complaints from FY '07.

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. Even a small debt could hurt your credit rating.
- For more information, visit nyc.gov/consumers and download DCA's [Debt Collection Guide](#).
- Need more help? The City's Financial Education Network Directory provides a list of free and low-cost classes, workshops, and counseling services to make managing your money easier than ever. Call 311 or visit nyc.gov/ofe.

2. HOME IMPROVEMENT CONTRACTORS

DCA received approximately 950 complaints against home improvement contractors in Fiscal Year 2008. There are more than 12,000 home improvement contractors licensed to operate in New York City. Many more are unlicensed and uninsured. DCA's Home Improvement Contractor Trust Fund provides additional protection for homeowners who use a licensed contractor with payments up to \$15,000 if the contractor goes out of business or leaves town. Consumers can help protect themselves by following these tips:

TIPS:

- Always use a licensed contractor to ensure that DCA can intervene if there is a problem.
- Call 311 or use DCA's instant license check at nyc.gov/consumers to ensure that a home improvement contractor is licensed. Consumers can also request the contractor's complaint and violation history.
- Avoid paying the contract in full before work is completed. Establish 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.
- Make sure your contract contains a cancellation clause.
- Do not pay more than 25 percent of the total cost, up to a maximum \$15,000, up front and NEVER PAY CASH.

3. FURNITURE STORES

Although DCA does not license furniture stores, they must comply with the New York City Consumer Protection Law. In Fiscal Year 2008, DCA received more than 700 complaints about furniture sales, a 41 percent increase from last year. Most consumers complain about defective or damaged goods or items that were never delivered. Some complaints include billing disputes.

TIPS:

- Before purchasing merchandise, call 311 to check the business' complaint history.
- Get a detailed receipt that lists an exact delivery date or a guaranteed date by which the furniture will be delivered.
- Examine your receipt closely and if not posted, ask for the store's refund policy before making the purchase. If there is no policy posted, the retailer must give the consumer 20 days to get a refund in the manner in which the purchase was paid.
- Know the refund or exchange policy. Merchants can establish their own refund or exchange policy, so long as it is prominently displayed. If there is no policy posted, the retailer must give the consumer 20 days to get a refund in the manner in which the purchase was paid.
- Always get a receipt and save it. All receipts must include the total amount paid, date, business name and address, the make and model of the items you bought, and, if applicable, the business's DCA license number.

4. USED CAR SALES

Last year, DCA received more than 700 complaints about used car purchases. Most complaints report "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 used car dealership is licensed by DCA before making your purchase. Call 311 or visit nyc.gov/consumers to check the license and complaint status of a New York City used car dealership.

- Get a copy of your credit report before you start shopping around so you get the best deal on a loan. Go online to www.annualcreditreport.com for a free copy of your credit report.
- Never sign a blank or incomplete agreement/contract if you don't understand the terms, and always retain all copies of any contract or paperwork signed.
- If a car sale is negotiated in a language other than English, the contract must also be written in that language.
- Get pre-approved for a loan BEFORE going shopping. If you plan to finance your car purchase, knowing rates before you shop will help you compare rates and find the best option for you. If you use your own bank or credit union, you will also be dealing with an institution with which you have a relationship if anything goes wrong.
- Don't negotiate a purchase based on a monthly payment. Your goal is to negotiate the best price for the car at the lowest interest rate and for the fewest number of payments.
- Say no to "add-ons" and options like paint and fabric protection, rust-proofing, extra security systems, extended warranties, etc. which are cheaper when bought separately. Ask for a calculation of your monthly payments with and without the add-ons and options.

5. ELECTRONICS STORES

DCA received nearly 600 complaints last year about electronic sales. Most complaints focused on improper pricing, purchasing damaged or defective goods, and unwanted "add-on" items. Consumers also can be lured into stores with "bait and switch" schemes that advertise great deals that are not really available. Shoppers looking for good deals can end up paying significantly more for unwanted "add-ons" that were 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 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.