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**DEPARTMENT OF CONSUMER AFFAIRS SECURES MORE THAN \$5 MILLION IN RESTITUTION – A 47 PERCENT INCREASE – FOR INDIVIDUAL NEW YORKERS WITH COMPLAINTS IN 2007**

***Home Improvement, Debt Collectors, Used Car Sales, Electronics and Furniture Make Top Complaint Categories in Fiscal Year 2007***

The Department of Consumer Affairs (DCA) today announced the agency has secured a total of \$5.3 million in restitution for New Yorkers who filed valid consumer complaints. The record amount of restitution, which increased 47 percent over the past year, was secured through DCA's mediation and enforcement efforts. The Department received and investigated more than 6,000 consumer complaints in Fiscal Year 2007 – an increase of more than 40 percent from 2004 – against businesses that they believe have unfairly taken advantage of them or have misled them. Consumers who filed complaints against home improvement contractors, the agency's top complaint category in FY '07, received \$2.4 million restitution successfully secured by DCA.

"The 40 percent uptick in complaints and the 70 percent increase in restitution since 2004 reflect that consumers are increasingly and successfully seeking and getting help from the Department of Consumer Affairs when a business doesn't do right," said DCA Commissioner Jonathan Mintz. "The Department of Consumer Affairs remains more committed than ever to ensuring a fair and vibrant marketplace for businesses and consumers alike."

During FY' 07, DCA also devoted significant attention to concerns in the used car industry. Complaints in this category jumped from number five to number three on the Department's 2007 "Top 5 Complaints" list. As part of its ongoing investigation into deceptive and predatory tactics within the secondhand auto dealer industry, DCA also convened a public hearing to expose current patterns of abuse.

Used auto dealers are one of the 55 types of businesses licensed by DCA, with approximately 1,100 currently operating in New York City. Protecting New Yorkers from abusive auto selling practices is key to the work of DCA and its Office of Financial Empowerment (OFE), which aims to educate, empower, and protect workers with low incomes so they can make the best use of their financial resources. The Office of Financial Empowerment is the first local government initiative of its kind in the nation and is also the first program implemented under the Center for Economic Opportunity, part of Mayor Bloomberg's aggressive efforts to fight poverty in New York City.

DCA enforces the landmark New York City Consumer Protection Law, as well as Licensing and Weights and Measures laws. Every year, DCA joins the Federal Trade Commission and other consumer protection agencies during National Consumer Protection Week, to highlight the top five complaints filed with the Department 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. HOME IMPROVEMENT CONTRACTORS

Complaints against home improvement contractors topped the DCA complaint list in Fiscal Year 2007, with more than 1,100 filed last year and more than 650 so far this year. There are approximately 10,000 home improvement contractors licensed to operate in New York City. However many 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 to learn if a vendor is licensed and if they have a record of complaints, or violations. Or use the DCA's instant HIC license check online at [www.nyc.gov/consumers](http://www.nyc.gov/consumers).
- Consumers should only use a licensed contractor to ensure that the DCA can intervene on your behalf if there is a problem and that they are properly insured.
- 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.
- Do not pay more than 25% of the total cost, up to a maximum \$15,000, upfront and NEVER PAY CASH.

#### 2. DEBT COLLECTION AGENCIES

The DCA received more than 750 complaints against debt collectors last year, but has received more than 800 complaints so far this year, a significant increase. In fiscal year 2007, nearly \$1 million in restitution was secured for consumers with debt collection complaints. Any business collecting debts from New York City residents must be licensed by 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.

#### 3. USED CAR SALES

Last year, the DCA received approximately 650 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.
- 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](http://www.annualcreditreport.com) for a free copy of your credit report.
- Never sign a blank or incomplete agreement/contract where you don't understand the terms, and always retain all copies of any contract or paperwork signed.
- If a car sale is negotiated in Spanish, the contract must also be written in Spanish.
- Get pre-approved for a loan BEFORE going shopping. If you are going 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.

**4. ELECTRONICS**

The DCA received about 600 complaints last year about electronic sales. Most complaints focused on 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 "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 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.

5. **FURNITURE STORES**

Although the DCA does not license furniture stores, they must comply with the New York City Consumer Protection Law. In fiscal year 2007, the DCA received more than 500 complaints about furniture sales – one of the “Top 5” complaint categories. 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.