

KNOW BEFORE YOU GO

Avoiding Consumer Scams/False Ads

Protect yourself

Foster youth are frequently victims of false advertising and consumer scams because they don't know what to look out for when faced with these situations. The best way to protect yourself is to learn about them so you can spot a scam when one is presented to you. Then, turn away from it no matter how tempting it may be!

Always read the contract

As with any financial agreement, there will be a contract. Always take the time to read it. In fact, if you don't feel comfortable reading it yourself, bring a trusted adult to help you. Or tell the seller that you are going to review the contract and come back another day to sign it. Once you've signed on the dotted line you are committed, so make sure you are comfortable with the terms and capable of following through. Never let anyone pressure you into signing a contract or rush you without fully understanding what you are getting into.

Automobile scams

The most frequent one involves buying and maintaining a car. When the price is unusually low, it is misleading because it is often after the down payment plus other fees, taxes, licensing and document fees. The most common is when they don't want to talk about the full cost of the car, but try to tempt you with a small monthly payment. Often the low payment is only for the first few months, then the payment doubles or triples. There is also 0% or low-rate loans which are offered on a small amount of the total cost of the car. The rest of the money is at a much higher interest rate, which means you pay more for the car in the end. Another thing to look out for when you own a car is scams and come-ons for auto repairs. There are dishonest car repair shops that will charge you more than if you shopped around to a number of shops. Sometimes, they may even charge you for a repair but not actually make the repair.

Look for these warning signs:

- ⇒ Contract has terms in it that are very different from what had been advertised or promised.
- ⇒ Salesperson suggests putting false information on your loan application. This is a crime and you might end up with a contract you can't afford.
- ⇒ Salesperson suggests you take the car home before the financing is approved. This is designed to "lock you in" to the purchase.
- ⇒ Repairmen who use scare tactics and pressure for quick repairs without a cost estimate upfront



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Do your research:

- ⇒ Look up the California Car Buyer's Bill of Rights at www.dmv.ca.gov/pubs/billrights_top.htm.
- ⇒ Get several written estimates from different repair shops that identify the problem to be repaired, parts needed and how it will cost. Preferably from recommendations provided by adults you trust.
- ⇒ If your car is under warranty, make sure that the repair shop is authorized to provide service for your car's make and model — otherwise your warranty may be voided.

Direct deposit & pay day cash scams

Short term or payday loans charge very high interest rates, which means you pay them a premium for giving your money instantly. Know that they will aggressively seek repayment if you are unable to pay them back when you say you will.

"Scholarship" scams

Most scholarships require that you apply and do not cost you to receive them. Beware of companies that call or email you pretending to offer you scholarships for school. Once they get to you, they may require you to pay a fee upfront in order to receive the scholarship.

Email, phone & text message information phishing scams

Beware emails that look just like something you may get from a real business or government. For example, a few years ago senior citizens got emails saying they won the lottery and they only needed to send a check for \$250 to get millions of dollars released to them. Needless to say, many of them sent their savings and got nothing.

"Work at home" or "business opportunity" scams

Most reputable companies do not ask you to pay for them to find you a job or help you set up a business at home. Beware of companies that advertise online, send you an email or a letter through mail asking you to pay them so that they can tell you how to earn money.

Helpful tips:

- ⇒ If you arrive to a store and you do not get the deal you expected or saw advertised, WALK AWAY! Do not be pressured by sellers.
- ⇒ You can report stores who do this to the Better Business Bureau — go to: <https://www.bbb.org/consumer-complaints/file-a-complaint/get-started>
- ⇒ When making major purchases or financial decisions, try and consult with a trusted adult. Take your time and do some research.
- ⇒ Price around and get multiple estimates.
- ⇒ If you can, pay with a credit card. If you find out you have been swindled you can dispute the charge with your credit card company as long as it is done timely.

For more information, visit kids-alliance.org or clccal.org.



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