

# Consumer Scams

Scams cost consumers in the UK an estimated £1 billion per year <sup>1</sup>

With 81,984 enquiries about consumer-related issues brought to Scotland's bureaux in 2003/2004, consumer scams are an issue clients and advisers are all too familiar with. Clients have been targeted with a number of sophisticated techniques, via post, e-mail and telephone. The kinds of scams brought to bureaux range from the promise of prizes for the cost of a small claim fee, to the targeting of small business with fake information which demands fees for registration under the Data Protection Act.

The CAB service deals with a predominantly low-income client group, and a number of our clients are additionally vulnerable – due to sickness/disability, age or social exclusion. They can therefore suffer proportionally greater financial loss if they are the victims of scams.

## Fighting scams with consumer awareness

Consumer scams are often criminal offences but, because many originate from overseas, it can prove difficult for them to be traced and prosecuted. They exploit legitimate mass marketing techniques and technology, such as the internet, to target recipients with misleading and fraudulent schemes.

The CAB service is experienced in the fight against consumer scams. As a frontline agency, we are well placed to offer advice and assistance – as well as raising consumer awareness, one of the most effective tools to prevent consumer scams claiming any victims.

<sup>1</sup> OFT estimate. From press release, 'Top ten scams to look out for', OFT, 1st February 2005.

**A South of Scotland CAB reports of an elderly client who received a letter which stated that she had won £10,000. To claim her prize she was required to send an administration fee. The client felt it was a scam but wanted confirmation so enquired at her local bureau. The adviser was able to confirm that it was a fraudulent scam, and a search on the internet indicated that other people had been caught out by it and had parted with their cash.**

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## The CAB service

Client case evidence highlights a number of scams familiar to bureaux:

- Unsolicited goods for which the trader then demands payment. This is a criminal offence. If the goods are unsolicited, there is no obligation to either pay for or return the goods.
- The targeting of small businesses with a letter purporting to be from a Data Protection Agency and demanding that they must register for a fee. The letters imply legal action will be taken if they do not comply.
- Advertisements and offers of work when a provisional fee is sent.
- The mis-selling of goods and services through false descriptions from traders.
- Misleading promises of prizes from competitions and lottery draws, whether through the post, telephone or internet. They ask for an administration fee, or clients are asked to call a number to find out what they've won, only to find it is a premium rate number, and they haven't in fact won anything.
- An internet scam where clients are unaware they are being charged for premium rate internet sites which they have not visited, until they get their phone bill. When clients log on to the internet through their service provider, companies based in Europe are able to infiltrate the lines and, unknown to the client, redirect their call to a premium rate number. Service providers have so far said there is nothing they can do and insist that clients pay their phone bills.

## Cracking down on scams

As a frontline advice agency, the CAB service is well placed to help detect fraudulent scams when they occur. Citizens Advice Bureaux work in partnership with local authority trading standards departments across a range of consumer issues, under the umbrella of Consumer Support Networks. Sharing information between agencies in this way not only helps to raise awareness – and hopefully prevents other people being caught out in the same way – but can also contribute to the detection and prosecution of the fraudsters.

## CAS proposals for change

CAS believes that a priority area for development must be further improvement of information-sharing on scams. We believe more effective sharing of information will result in:

- A reduction in the detailed research and liaison work required across the sector to find out whether firms are offering scam deals
- More responsive advice
- The targeting of resources on enforcement action against fraudulent companies

## Case evidence

**||** *A West of Scotland CAB reports of an elderly client who received a telephone bill much larger than usual. His calls cost a total of £18, but the breakdown showed that one call to a premium rate number cost £15. The client remembered that he had an unsolicited call saying he had won something and if he pressed nine he could find out more details. He did not realise that it would cost him £15 to do so.*

**||** *A West of Scotland CAB reports of a client who came to the bureau with a notice entitled 'Money Laundering Regulations 2003'. The client is self-employed and was concerned by the tone of the letter. He wanted to know if he was required to take any action in relation to it. The bureau assured him it was a scam and wrote to the National Criminal Intelligence Service, which has since contacted the bureau to say the person running the scam has been arrested.*