

Protecting Ohio's Families

A Young Adult's Guide to Consumer Protection

As you begin to make large purchases, protect yourself from unfair business practices and scams by understanding your consumer rights.



ON YOUR OWN

On Your Own But Not Alone

Guide to Consumer Protection



MIKE DEWINE
OHIO ATTORNEY GENERAL

Table of Contents

Auto	2
Credit vs. Debit	3
Contracts	4
Housing and Utilities	4
Identity Theft	5
Phone and Internet	7
Scams	7
Student Loans	8
Shopping and Advertisements	10
Rules to Live By	11
Resources	12

Dear Ohioans,



Sorting through the ins-and-outs of a cell phone contract or a car purchase can be overwhelming. That's why it's so important to know your rights as an Ohio consumer.

This guide can help you navigate all types of transactions, large and small. It covers typical purchases, common traps, and financial basics — information you can use to be a savvy consumer, avoid credit problems, and protect yourself from deceptive business practices and scams.

Review this information and share it with your friends and family. Consult the resources for consumers at the back of the guide. And if there's more the Ohio Attorney General's Office can do to answer your questions or help resolve specific issues, call our Help Center at **800-282-0515** or visit **www.OhioAttorneyGeneral.gov**.

Very respectfully yours,

A handwritten signature in black ink that reads "Mike DeWine". The signature is written in a cursive, flowing style.

Mike DeWine
Ohio Attorney General

Auto

Cars are often a necessity, but they are also one of the largest purchases you likely will make. If you're ready to buy a car, knowing the basics will help you avoid possible pitfalls of the new or used-car market.

Remember the following tips:

- Get everything in writing. If a salesperson makes verbal promises, insist that they are included in a written contract.
- "As is" means the car is not covered by warranty. **You** will be responsible to pay for any needed repairs.
- Check the car's history through the National Motor Vehicle Title Information System at www.vehiclehistory.gov.
- Take the car for an extended test drive. Ask a trustworthy mechanic to check it for problems.
- If you are buying a car online, see the car in person before you purchase it. Don't trust anyone who says he will ship you a car after you send money.
- Research and find reputable dealers before making a purchase. Ask family and friends for advice.
- Ohio's Lemon Law only applies to vehicles within their first year or first 18,000 miles of use, whichever comes first.

Possible Pitfall: Buy-Here-Pay-Here Dealerships

Beware of "buy-here, pay-here" dealerships that offer financing directly at the dealership. While this may seem cheaper and easier than going to a bank for a loan, buy-here-pay-here loans often have high interest rates and probably will cost you much more in the end.

Repairs

You have the right to an estimate for repairs or services that will cost more than \$25. Get the estimate in writing, and make sure it includes a description of the work that will be done, the anticipated completion date, and the expected cost.

In general, if a repair will cost more than 10 percent of the original estimate, the business must get your permission for the additional cost.

Credit vs. Debit

While credit cards and debit cards look the same, they have significant differences.

	Credit card	Debit card
Overall differences	When using a credit card, you are borrowing money. You receive a bill at the end of every month with the balance owed. If you do not pay the entire bill, you will owe interest.	Debit cards are tied directly to your checking account. When you make a purchase, the money comes directly out of your account balance, instead of receiving a bill at a later date.
Protections for a lost or stolen card	The Fair Credit Reporting Act provides you protection if your credit card is lost or stolen. Under this law, the most you can owe for unauthorized charges is \$50. Remember to contact your card provider as soon as you realize your card is missing or stolen.	The Fair Credit Reporting Act does not apply to debit cards. However, under federal law if you notify the bank within two days of theft or loss, you are limited to \$50 for unauthorized charges. If you wait longer you could owe up to \$500, and if you fail to notify the bank after 60 days of your statement being mailed, you may be responsible for all the charges.
Limitations of the cards	You can end up owing hundreds or thousands of dollars in interest alone. You also generally need a co-signer for a credit card until you are 21 or have proof of income.	You can spend only the money that you have in your checking account. You may be charged fees if your balance falls below zero.

Contracts

When you obtain a credit card, rent a car, buy a cell phone, or sign a lease for an apartment, you typically enter into a contract. A contract is a legally binding agreement between two or more parties that spells out each party's obligations.

Read contracts thoroughly. Find out how the business will use your personal information, when rate increases can occur, or when a car dealer will repossess your vehicle. Ask questions if you do not understand all the terms and conditions.

Generally, a signed contract cannot be changed or broken. Before signing a contract, be sure you really want or need what you are purchasing and that you can afford to pay for it through the entire extent of the contract.

Also, make sure the contract includes all verbal agreements. If a promise is not put in writing, it is not guaranteed.

Possible Pitfall: Rent-to-Own

Rent-to-own generally means you make monthly or weekly payments to rent a product. Carefully consider if you need this product because buying products through rent-to-own agreements usually results in significantly higher costs. If possible, avoid these transactions by waiting until you can afford to purchase the product outright.

Housing and Utilities

When choosing an apartment, carefully consider both the property and the landlord. Talk to current residents about the property and their experience with the landlord.

Understand the following terms:

- **Application fee:** You may be asked to complete an application and pay a related fee for the landlord to check your credit and criminal background.
- **Lease:** A lease is a legally binding agreement between you and the landlord defining your relationship to the landlord and allowing you to use the property. Be sure to review the lease carefully before signing it, and make sure any verbal agreements with the landlord are put into the lease. Keep a copy of the lease for your records.
- **Security deposit:** A deposit acts to ensure the landlord receives all the rent that is due and that, when you move out, the property is in the same condition as when you moved in (except for normal wear and tear). Be sure to photograph the property when moving in and out to document its condition. When you end your lease, the landlord typically has one month to refund your security deposit and provide a written, itemized explanation for any deductions taken from the amount you originally paid.

Before signing your apartment lease, check to see what utilities you are responsible for as the renter. This information should be in the lease. Consider the following:

- Ask the landlord for a list of utility companies that provide service in your area and explore any competitive options in advance. For example, check out different options for electric, natural gas, water, cable, and Internet providers.
- Some utilities may require you to pay a deposit, especially if you do not have a strong credit history or have had a similar utility service in your name in the past two years. When you pay the deposit, keep record of the payment and ask when and how you will be eligible to get the deposit back in full.
- Activate utilities prior to moving in so that you don't find yourself in a property with no heat or water.
- If you have issues with your utilities, consider calling the Public Utilities Commission of Ohio (PUCO) at 800-686-7826.

Possible Pitfall: Rental Scams

Rental listing scams target consumers who are looking for a good deal on a place to live. Scammers will trick people into sending money as a deposit for an apartment or house that is not truly available to rent. Be cautious when an apartment rental seems too good to be true. Don't pay money until you've actually viewed the property. Some people post fake rentals on online marketplaces. Beware of requests for wire transfers or prepaid money cards as payment methods; these are signs of a potential scam.

Identity Theft

Identity theft occurs when someone uses your personal information — such as your credit card number, bank account number, insurance information, or Social Security number — without your permission to commit fraud.

To protect yourself from identity theft:

- Carry only the number of credit or debit cards that you need for a specific outing. Keep your Social Security card in a safe place.
- Don't give out your personal information unless you initiate the contact and you trust the individual or organization you're dealing with.
- If you are doing business online, make sure the website is secure. The web address should say "https" instead of just "http." Also make sure your anti-virus, firewall, and other personal computer security applications are up-to-date. Use complex passwords.
- Shred all documents that contain personal information before you dispose of them, including bank statements, pre-approved credit card applications, and medical information.

- Consider placing a “credit freeze” by contacting all three of the major credit reporting agencies. A credit freeze blocks potential creditors from obtaining your credit report until you lift, or thaw, the freeze. Freezing or thawing credit reports costs \$5 per credit reporting agency, but is free for victims of identity theft. Freezing and thawing credit does not affect a consumer’s credit score. In Ohio, a credit freeze is permanent.

In order to detect identity theft, it is important to check your credit report. A credit report provides information about your credit history. It includes personal information such as your name, address, and Social Security number.

The credit report also will have account information such as the types of credit in your name, the dates you opened the accounts, your payment history, companies that have accessed your credit, and other public record information including lawsuits or bankruptcies.

You can check each of your three credit reports for free once a year using www.annualcreditreport.com.

If you think you are a victim of identity theft, immediately contact your local police department and file a police report. Also notify your bank and creditors. Add an initial fraud alert to your credit reports by contacting one of the three major credit reporting agencies (Equifax, Experian, or TransUnion), which in turn will notify the other two. The fraud alert is free, lasts for 90 days, and does not affect a consumer’s credit score.

Major credit reporting agencies’ contact information:

- Equifax, 800-525-6285 or www.equifax.com
- Experian, 888-397-3742 or www.experian.com
- TransUnion, 800-680-7289 or www.transunion.com

For help correcting errors on your credit report or other effects of identity theft, file an identity theft notification form with the Ohio Attorney General’s Consumer Protection Section Identity Theft Unit at www.OhioAttorneyGeneral.gov or 800-282-0515.

The Identity Theft Unit can offer assistance to identity theft victims, by working with credit agencies, creditors, collectors, or other organizations on a victim’s behalf. For victims wishing to restore their identity on their own, the Identity Theft Unit can provide a step-by-step guide.

How to Create a Complex Password

Creating a complex password is a key to online safety. Consider using a combination of letters and numbers from a phrase, for instance:

My dog’s name is Brutus 456
Password: **MdniB456**

Phone and Internet

When purchasing a cell phone or obtaining an Internet service, calculate the monthly total of all charges, including taxes or activation fees. Also read the fine print. Do not sign a contract or purchase extras such as insurance unless you fully understand all the terms and conditions. Make or ask for a copy of anything you are asked to sign. Check for early termination fees and upgrades that automatically extend your contract.

If your phone is lost or stolen, notify your service provider immediately. Otherwise, you may be charged for unauthorized use.

Scams

Don't get ripped off! Beware of common scams including:

- **Job opportunity scams:** Some scammers promise that you can make thousands of dollars by working a great summer job or running your own business. Be sure to research the organization before making a commitment or giving away personal information.
- **Scholarship scams:** Be wary if someone asks you for advance fees in exchange for help finding scholarships. You can usually find scholarship information yourself for little or no cost by searching online.
- **Spring break scams:** Promises of "free trips" or "bargain airfare" might be too good to be true. If you are planning a trip, be sure to get all information in writing.
- **Internet scams:** Whether you are shopping online or connecting with friends on social networking sites, watch for Internet scams designed to steal your identity and your money. Don't trust someone who asks you to send a wire transfer or buy a prepaid card.
- **Fake check scams:** Some scammers send realistic looking checks that turn out to be fake. If you receive an unexpected check from someone who asks for a portion of the money in return, it's probably a scam.

Possible Pitfall: Payday Loans

A payday loan is small, short-term loan. Usually you borrow just enough to get to your next payday. Payday loans typically involve large fees and very high interest rates. They can end up costing you hundreds or thousands of dollars. It can be difficult for a borrower to pay off the loan due to the high interest rates.

Student Loans

Student loans help consumers pay for tuition, room and board, books, and other costs associated with attending college. Unfortunately, students often leave college with more debt than they can handle.

There are two basic categories of student loans:

- **Federal loans** are regulated by the federal government. Federal loans offer fixed interest rates. In most cases, you will not need a cosigner or a credit check for federal loans. The U.S. Department of Education offers different types of loans including Direct Subsidized Loans, Direct Unsubsidized Loans, Direct PLUS Loans, and Perkins Loans.
- **Private loans** are sometimes referred to as “alternative loans” and are offered by private lenders. They do not include the benefits and protections available with federal loans. Private loans tend to have higher fees and interest rates than federal government loans, while federal loans offer more opportunities for cancellation and loan forgiveness.

Types of Federal Loans

	Eligibility	Details
Direct Subsidized Loan	Undergraduate students with a financial need	Students not required to pay interest for time period they are in school
Direct Unsubsidized Loan	Undergraduate, graduate, and professional students (no financial need is required)	Students required to pay interest for time period they are in school; Students may, but are not required, to make loan payments while they are still in school
Direct PLUS Loan	Graduate and professional students, parents	Allows borrowing for school expenses not already paid for through other financial aid
Direct Consolidation Loan	For students who have graduated or left their college for any reason	Allows student after graduating, or otherwise leaving college, to combine several federal student loans into one loan serviced by the same organization

Students can submit a Free Application for Federal Student Aid (FAFSA) at www.fafsa.ed.gov. Beware of private companies that charge to apply. If a company charges upfront fees to apply for a loan, it could be a scam.

Borrow only what is necessary. Even if you are approved to secure a loan of a greater amount, you don't have to take out all of the money you are allotted. Analyze your budget and only accept a loan for money you actually need. Every dollar you borrow now could cost you two dollars (or more) by the time you repay your loan.

Utilize the Ohio Attorney General's Budget Calculator at www.OhioAttorneyGeneral.gov/Budget-Calculator to plan for college expenses by estimating actual out-of-pocket college costs minus scholarships and grants based upon what similar students and families have paid at the college in the past.

Paying back your student loans

Many students do not think about making payments while they continue their education, but making payments while still in school means paying less money later. Consider making payments as part of an overall budget that includes all your expenses and income.

Once you leave school, you may need to make student loan payments even if you haven't found your first "real" job making a decent wage.

Here are some options you can discuss with the servicer of your loans:

- **Income-based repayment:** This type of payment considers a student's actual income and family size. While the total amount of the loan is still eventually due, income-based repayment can spread the payments out to make them more affordable on a monthly basis.
- **Loan deferment and forbearance:** Deferment postpones students' loan payments under certain circumstances. Forbearance allows students to stop making payments temporarily. Under both deferment and forbearance situations, interest still typically accrues and eventually must be paid back.
- **Loan forgiveness:** Generally, student loans must be repaid, even in the event of a personal bankruptcy. Under rare circumstances, student loans are forgiven through programs designed to reward students for entering teaching as a career or devoting themselves to public service.

Be cautious of companies offering to lower your student loan payments or "refinance" loans for a fee. Some of these "services" may provide little or no help and may cost you more in the end. You can work directly with your loan servicer to discuss payment options.

Student loan resources

Several government and nonprofit agencies offer assistance with obtaining and repaying student loans.

For borrower assistance or to report complaints with your loan servicer:

- Consumer Financial Protection Bureau: www.consumerfinance.gov
- National Consumer Law Center's Student Loan Borrower Assistance: www.studentloanborrowerassistance.org
- U.S. Department of Education: www.studentaid.ed.gov
- Student Loan Ombudsman of the U.S. Department of Education: www.ombusman.ed.gov or 877-557-2575

To determine what loans you have, contact the U.S. Department of Education's National Student Loan Data System (www.nslds.ed.gov) or its Federal Student Aid Information Center at 800-433-3243.

For repayment options, federal student aid resources are available at www.studentaid.ed.gov and at www.studentloans.gov.

Shopping and Advertisements

Ohio law offers protections from deceptive advertising practices. However, some ads do not comply with the law.

Beware of common deceptive advertising tactics:

- Bait advertising occurs when a supplier offers goods or services for sale, but the offer is deceptive or misrepresents the product or service.
- Use of the word "free" can be misleading. A seller may not advertise goods as "free" when the cost of the "free" offer is passed on to the consumer by raising the regular price of the goods or services
- "New" items must truly be new. Refurbished or reconditioned products must be properly labeled. Used items cannot be labeled as new.
- Prizes must be awarded unconditionally. A seller may not advertise that a consumer has won a prize when the consumer must pay certain charges to receive the prize.

Consumer Rules to Live by

Take steps to protect yourself from scams and rip-offs:

- **Research companies:** Check with the Ohio Attorney General's Office, the Better Business Bureau, the Ohio Secretary of State, friends and family, and online reviews.
- **Read the fine print:** Fine print can be found in everything from contracts to advertisements. Take the time to read it.
- **Remember your rights:** Ohio laws provide great protections for consumers, and knowing your rights can be empowering.
- **Reconsider the purchase:** Ask if you really need what you're about to purchase and if you feel comfortable purchasing the good or service from a certain business.
- **Report fraud:** If you have an issue with a business or believe you have been the victim of a scam, file a complaint with the Ohio Attorney General's Office at 800-282-0515 or www.OhioAttorneyGeneral.gov.

How to Research a Business

- Search for complaints against a company with the Ohio Attorney General's Office and Better Business Bureau.
- Conduct an Internet search for more information about the business.
- Determine if the business is registered with the Ohio Secretary of State. (Most businesses must register.)
- Ask family and friends for recommendations.
- Never do business with a company that refuses to give you written information, a phone number, a physical address, or references.

Consumer Resources

Learn More!

Additional consumer information

The Federal Trade Commission works to provide consumers with information and to prevent fraudulent, deceptive, and unfair business practices.

- www.ftc.gov; 877-FTC-HELP (877-382-4357)

Credit rebuilding

Fixing your credit is hard work. To find a nonprofit credit counseling service in your area, contact the National Foundation for Credit Counseling.

- www.nfcc.org; 800-388-2227

Credit reporting

It is important to check your credit reports for free once a year. This can help you discover potential identity theft

- www.annualcreditreport.com

Internet crime

The Internet Crime Complaint Center (IC3) takes Internet-related criminal complaints and refers the complaints to federal, state, local, or international law enforcement for investigation.

- www.ic3.gov

Legal assistance

Ohio Legal Services provides information to low-income Ohioans on legal matters including landlord/tenant issues, public benefits, and criminal matters.

- www.ohiolegalservices.org; 866-LAW-OHIO (866-529-6446)
- If you are a student, your college or university may also offer legal services.

Researching businesses

Learn about a business and check consumer complaints or registration information.

- Ohio Attorney General's Office: www.OhioAttorneyGeneral.gov; 800-282-0515
- Better Business Bureau: www.bbb.org
- Ohio Secretary of State: www.sos.state.oh.us

Unwanted calls

Reduce telemarketing calls by registering with the National Do Not Call Registry.

- www.donotcall.gov; 888-382-1222; TTY, 866-290-4236



Ohio Attorney General's Office
Consumer Protection Section
On Your Own Guide
To Consumer Protection

For more information on this guide or
to file a consumer complaint:

Consumer Protection Section
30 E. Broad St., 14th Floor
Columbus, OH 43215

800-282-0515

www.OhioAttorneyGeneral.gov



MIKE DEWINE

OHIO ATTORNEY GENERAL

www.OhioAttorneyGeneral.gov