



# Consumer Watch

A Monthly Newsletter from the Connecticut Department of Consumer Protection

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[www.ct.gov/dcp](http://www.ct.gov/dcp)

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## Holiday Shopping by Mobile App?



Although smart phones and the Internet can certainly make holiday shopping faster and easier (picture crowded parking lots, long checkout lines and icy sidewalks), there can also be pitfalls for the unwary. However, if you know what to watch out for, you can help to ensure a safe shopping experience, and find that gift-giving once again becomes a happy event, not an opportunity for thieves.

With more and more people shopping online each year, scam artists are also designing ways to lure the unwary into divulging sensitive personal information and sending money for nonexistent products. Instead of acquiring a holiday gift for a friend or loved one, some unsuspecting consumers end up with nothing but an empty bank account – or worse.

Nielsen reports that more than half of all U.S. wireless users now have smart phones and 45 million consumers are using shopping and e-commerce apps, an increase of 89% over 2012. With all this online activity, you can be sure there are lots of scams being hatched to get in on the action. Here are a few things to watch for.

- **Unsecured WiFi networks** – Most smartphones are designed to operate on a carrier's cellular network as well as on WiFi hotspots.

*more, page 2*

## From Commissioner Rubenstein

Holiday shopping is on our minds this month. Experts predict that overall holiday spending this year will rise by about 4% over last year. Online shoppers will spend \$54.7 billion this holiday season, up 16.8% from last year, according to eMarketer, a national Internet market research firm.

And yet, consumers still want the very best bargains, and that's where it all gets a little risky. With more than half of all consumers shopping online, chances are that many will be lured by rock-bottom prices for items that never show up, are well below expectations, or are just loss leaders for scams, ranging from identity theft to unauthorized charges on their credit cards. Hopefully, the articles in this issue provide the right mix of new and not-so-new information to help you protect yourself and your wallet during this busy shopping season.



We wish you a happy, safe and healthy holiday!

*William M. Rubenstein*

## Need-to-Know Tips for Online Shopping

Always follow these guidelines when you shop online:

Make sure your computer protection is up to date -- that your computer has a secure firewall and the most recent updates for spam filters, anti-virus and anti-spyware software.

Read the fine print in any offer. Know the terms of the deal, such as refund and return policies, shipping and handling costs, warranties, delivery dates, and complaint procedures.

Read the merchant's privacy policy and understand what personal information is being requested and how it will be used. If there is no privacy policy, think twice about shopping on that website.

Shop on secure, trusted websites. Before you enter your personal and financial information, look in the address box for an "s" in <https://> and for a "lock" symbol (i.e., a closed padlock) in the lower-right corner; these indicate that your purchase is encrypted or secured.

Pay by credit card if possible. Credit card transactions are protected by the Fair Credit Billing Act, which covers disputes over non-delivered or misrepresented merchandise and unauthorized charges. In most cases, you will not be held accountable for the full cost of undelivered goods. Some cards may provide additional purchase protection benefits.

Keep a record of your purchases, including product description, price (including discounts and promotions applied), shipping and handling fees, order confirmation, receipt, delivery time, and any correspondence.

Follow up within a couple weeks if your merchandise has not yet arrived. If you have an unsatisfactory online shopping experience, start by contacting the merchant. If you still are not satisfied with the answers or action taken, you may file a written complaint with the Department of Consumer Protection.

## Holiday Shopping by Mobile App, *continued*

When connected to a public hotspot, be careful entering sensitive information -- such as credit card or bank account numbers -- into online shopping sites and applications, since the connection is not secure and scammers could be snooping.

- **Holiday phishing scams** – Scammers will try to take advantage of bargain hunters by sending out phishing emails and text messages offering seemingly unbeatable deals on holiday gifts, particularly hard-to-find toys. Clicking on these links may lead to phishing sites that install mobile malware or seek to get credit card or other sensitive information.
- **Bogus online coupons** – Today's savvy consumers rely on coupon apps and coupons specifically designed for storage on smart phones. But watch out for suspicious emails and online ads offering coupons, as they could lead to mobile malware sites.
- **Phony social network promotions** – When using your smart phone to check Facebook or other social networks, you are likely to confront a variety of holiday deals, gifts, giveaways and promotions. Be wary about clicking on these ads, particularly if doing so prompts you to download an unfamiliar app to your phone.
- **QR codes** – QR codes are the square images resembling barcodes that are increasingly found online and in print advertising. Scanning these barcodes with your smart phone can bring you to a mobile website or download an app. Now, scammers have begun taking advantage of this technology to send consumers malware apps that can surreptitiously sign them up for premium text message services or for other fraudulent services.

These are surely interesting times for shoppers. If you or your family members are tempted by all the cool new ways to shop online, make sure to proceed slowly and cautiously, because online mobile shopping, for all its convenience and speed, brings with it an uncharted pool of potential scams. Be careful!

### *"Raincheck, please!"*

When a store advertises an item on sale, it is understood that the store will have that item in stock and available to customers during the effective period of the sale. If that weren't required, stores could run sale ads for high demand items and never have to honor the offers, saying that they "just ran out." Shoppers could end up settling for another item that they didn't really want.

In Connecticut, if a store runs out of an advertised item during the sale period, it must post clear notice inside the store that the item is out of stock, and that shoppers can ask for a raincheck. The raincheck verifies that you came to the store for the advertised sale item that wasn't available, and allows you to buy that item at the sale price when the item is back in stock. Be sure that your raincheck clearly describes the item, the dates of the sale, the date you came to the store, the sale price, and the number of items you are entitled to buy at the sale price.

Since time is of the essence when holiday shopping, check back with the store every week. If the store can't honor the raincheck within 60 days, it must offer to sell you comparable merchandise at the advertised sale price -- or lower. For exceptions and more details, see our [fact sheet](#).

### **True or False?**

I can always return a new, unused item to the store, as long as I can show a receipt for it.

**True or False? Answer, page 4**

## From the Experts: Tips for Keeping Holiday Debt Under Control



More consumers plan to spend more than last year, and fewer consumers will spend less than last year, according to the 13th annual holiday spending survey of 660 random individuals conducted by the Consumer Federation of America (CFA) and the Credit Union National Association (CUNA). This represents the fourth year of gradual improvement in holiday spending plans since a sharp decline in such plans in 2008.

Yet things are still financially tight for many families. When asked if they had extra funds (not including lines of credit) available to pay for an unexpected expense of \$1,000, only 49 percent said that they did. This lack of emergency savings may help explain why an increasing percentage -- 38 to 43 percent over the past year -- said that, if they received an unexpected windfall of \$5,000, they would use most of it to add to savings or investments.

CUNA and CFA suggest the following tips to avoid getting deep into debt during the holidays. With just a little planning, you can substantially reduce your holiday spending debt load without sacrificing holiday quality.

**Make a budget, a list, and check them twice:** Right now, decide how much you can afford to spend and stay within that budget. Staying within budget will be much easier if you make a price list of all gifts and other holiday items you plan to buy. Even if it's a

more general rather than detailed list, it will still help you avoid overspending and impulse buys. Your list should include not only gifts or gift recipients, but also all the activities that make up your holiday, such as party clothes, decorations, pricey foods and postage. Examine each item and ask yourself if it absolutely needs to be part of the holiday festivities this year. You might find that you're spending on some items just out of habit.

**Comparison shop.** You can easily save more than 10 percent on most items, sometimes considerably more, by comparing prices at different stores. The Internet and smart phones have made comparison shopping that much easier.

**Start early.** When you delay, you pay. At the last minute, you have to settle for something, and it might cost more than you wanted or planned to pay.

**See what's in your supply drawer.** You may have more wrapping paper, ribbons, unused cards and gift boxes stored away from last season than you realize. Use up those holiday supplies first to trim down the amount you'll have to buy this season.

**Pay balances quickly.** You're less likely to overdo it if you pay in cash. If you must make holiday purchases using credit, use the lowest-interest card you have and pay off this debt as soon as possible in upcoming weeks. Don't borrow more than you can repay in several months.

**Be smart about gift cards.** Today's rules significantly restrict gift card expiration dates and fees, as compared to several years ago. But anyone who gives or receives a gift card should take the time to read the fine print and know whether a gift card falls under Connecticut state law or under Federal law. *All the terms must be clearly disclosed. If the terms are not clear, consider purchasing a different card.*

Most gift cards are sold under **Connecticut law** and do not expire, even if an expiration date is printed on the card. These cards cannot accrue inactivity fees or penalties. Local store and restaurant cards usually cost nothing to buy and often allow the user to carry over a balance if not used all at once. **Federal law** covers gift cards offered by federally chartered financial institutions, such as most banks, and by certain malls, including some in Connecticut. These cards can be purchased nearly anywhere and often have monthly fees attached after the first year. More details are available on the Federal Reserve's [website](#).

If you get a gift card, use it sooner rather than later to avoid forgetting about unused balances and to avoid losing up to the entire value of the gift card if the issuing company goes out of business or declares bankruptcy. If you still have gift cards you received from others last year, use them now!

**Pay attention to return policies.** Some stores have tighter policies. *(See our True or False answer, page 4.)* Pay attention to the return policy when you make a purchase; keep receipts and note time limits, restocking fees, and other factors that may affect your recipient.

**Find more low-cost or no-cost ways to celebrate.** Adding a few changes can ease the strain on your budget. For example, draw names to limit the number of people for whom you purchase gifts; give handmade items such as knitted afghans or your famous homemade fudge.



## 'Tis the Season of Year-End Giving, Too

This time of year, many of us will be thinking about making charitable donations to organizations that matter to us – not only because it's the season of giving, but also because it's the end of the year and we want to ensure a charitable tax deduction for 2012. Either way, it's important to make sure that the charities we donate to are legitimate, and that the money we send is actually used for the purposes we intend.

Unfortunately, these tight economic times require that many charities, even major, legitimate organizations that do very good work, use telemarketers in order to raise funds. As a result, more of our dollars that are intended for charitable purposes actually end up in the pockets of soliciting companies.

For example, InfoCision Management Corp. is an Ohio-based telemarketing company claims on its website to raise more money for nonprofit organizations over the phone than any other company in the world. But an investigative report in the October issue of [Bloomberg Markets](#) magazine found that, in many cases, large sums of the money InfoCision raised never made it to the nonprofits the company says it's supporting. According to the report, InfoCision typically retains 50 percent of the money it solicits.

So not only are there fake charities that may contact you for money, there may be legitimate charities using high-fee solicitation companies that keep most of your donation. Here's how to make sure your money does the most good.

To determine if a charity is legitimate in the first place, check on them at such sites as: Charity Navigator ([www.charitynavigator.org](http://www.charitynavigator.org)); the Wise Giving Alliance ([www.bbb.org/us/charity](http://www.bbb.org/us/charity)); or the American Institute of Philanthropy ([www.charitywatch.org/azlist.html](http://www.charitywatch.org/azlist.html)).

If you're contacted by a charity that you don't recognize and are interested in possibly giving, ask as many questions as you can. Ask where the charity is located, where the money will be going, and if they could send you literature before you give. Legitimate charities will welcome all of those questions because they have nothing to hide. When contacted by a telemarketer soliciting for a charity, always keep the following in mind:

- Never give to a charity that you know nothing about and that sidesteps or doesn't clearly answer your questions about where your money will go.
- Don't yield to pressure; no matter what they say, don't feel as though you must donate immediately.
- Demand identification from both the solicitor and the charity. If the solicitor refuses, hang up immediately.
- Be wary of charities that have a name similar to a well-respected charity.
- Avoid giving your credit card number for a charitable donation. Write a check and use the charity's full name. That way you have a record of the contribution and exactly where your money went.

If you want to be sure your donation actually goes to the charity you want to support, don't donate over the phone through telemarketers -- even to major, trusted charities. Instead, donate to the charity directly. Go to the charity's website or call their national office, their local branch office, or participate in an event they are sponsoring.



### True or False? Answer

The answer is False. In Connecticut, sellers can set their own refund or exchange policies, provided that they post the policy in a conspicuous place for customers to see. If there is no policy posted, you may return any new, unused item to the store with a proof of purchase within seven calendar days, and get a cash refund on a cash sale, or a credit to your account on a credit sale. There are never any refunds on:

Food	Perishable items, including live plants
Custom-ordered or custom-made items	Items that were sold "as is" or as a "final sale"
Items with no proof of purchase	Used items
	Items which by law cannot be resold, such as mattresses

Stores may also charge a restocking fee, which covers the cost for returning your unwanted item to the warehouse. If this restocking fee is part of the store's refund and exchange policy, it must be posted in a conspicuous place for customers to see. Of course, most holiday gifts are purchased well in advance, so it may be long past seven days when you or your recipient goes to return the item. Many stores now have an extended refund policy during the holiday season. **Find out the policy before you buy and keep all receipts!** If the holiday return date is not printed on your receipt, ask the sales clerk to mark and initial the return date on the store receipt.