

Refund and Recovery Scams

Scam artists buy and sell "sucker lists" with the names of people who already have lost money to fraudulent promotions. These crooks may call you promising to recover the money you lost or the prize or merchandise you never received — for a fee in advance. That's against the law. Under the Telemarketing Sales Rule, they cannot ask for — or accept — payment until seven business days after they deliver the money or other item they recovered to you.

How the Scams Work

Many consumers might not know that they have been scammed by a bogus prize promotion, phony charity drive, fraudulent business opportunity or other scam. But if you have unknowingly paid money to such a scam, chances are your name is on a "sucker list." That list may include your address, phone numbers, and other information, like how much money you've spent responding to phony offers. Dishonest promoters buy and sell "sucker lists" on the theory that people who have been deceived once have a high likelihood of being scammed again.

These scammers lie when they promise that, for a fee or a donation to a specific charity, they will recover the money you lost, or the prize or product you never received. They use a variety of lies to add credibility to their pitch: some claim to represent companies or government agencies; some say they're holding money for you; and others offer to file necessary complaint paperwork with government agencies on your behalf. Still others claim they can get your name at the top of a list for victim reimbursement.

The Federal Trade Commission (FTC), the nation's consumer protection agency, says claims like these often are false. Although some federal and local government agencies and consumer organizations help people who have lost money, they don't charge a fee. Nor do they guarantee to get your money back, or give special preference to anyone who files a formal complaint.

Seeing Through a Recovery Scam

Here are some tips to help you avoid losing money to a recovery scam:

- Don't give money or your bank or credit card account number to anyone who calls offering to recover money, merchandise, or prizes you never received if the caller says you have to pay a fee in advance. Under the Telemarketing Sales Rule, it's against the law for someone to request or receive payment from you until seven business days after you have the money or other item in hand.

- If someone claims to represent a government agency that will recover your lost money, merchandise, or prizes for a fee or a donation to a charity, report them immediately to the FTC. National, state, and local consumer protection agencies and nonprofit organizations do not charge for their services.
- Before you use any company to recover either money or a prize, ask what specific services the company provides and the cost of each service. Check out the company with local government law enforcement and consumer agencies; ask whether other people have registered complaints about the business. You also can enter the company name into an online search engine to look for complaints.