

A.G. Schneiderman Releases New York's Top Ten Frauds Of 2016, Warns Consumers To Beware Of Scammers

Top Frauds Reported To A.G.'s Office Include Internet, Automobile, Retail And Other Consumer Services, Housing, And Utilities

A.G. Provides Tips To Avoid Scams, Urges New Yorkers To Report Fraud At ag.NY.gov Or 1-800-771-7755

NEW YORK- Marking the start of National Consumer Protection Week, Attorney General Eric T. Schneiderman today released the list of the top ten consumer fraud complaints received by his office in 2016. Attorney General Schneiderman also offered a variety of tips on how to avoid scams in the future.

“This serves as a reminder: fraudsters are always looking for ways to line their pockets at the expense of unsuspecting consumers,” said **Attorney General Schneiderman**. “The best weapon against scams is an informed consumer – and the law. I encourage New Yorkers to report fraud, and my office will continue its long tradition of vigorously enforcing New York’s strong consumer protection laws.”

For the eleventh year in a row, Internet-related complaints topped the list with **4,605** complaints. Internet-related complaints were closely followed by complaints about automobile sales, service, financing, and repairs (**3,437**). Many of the car-related complaints were filed by Volkswagen consumers after Attorney General Schneiderman announced an investigation into Volkswagen’s installation of software devices that caused its diesel vehicles to cheat environmental pollution tests. The office participated in an interrelated series of partial settlements with Volkswagen and its Audi and Porsche affiliates that provided unprecedented relief, including enabling over 21,500 New York car owners to sell their cars back to the companies at pre-scandal, fair market value, plus receive a cash payment of at least \$5,100.

Consumer-related services (**2,444**), which include complaints about restaurant/catering services, tech repairs, dry cleaners, furniture repair, and hair and nail salons, ranked third on this year’s list, followed by Landlord/Tenant complaints that include allegations of tenant harassment (**2,005**). Utilities-related complaints (**1,730**), which include complaints about cable and satellite companies, energy services and suppliers, and wireless phone carriers, rounded out the top five.

Although not in the top ten, the Attorney General’s office continues to receive consumer complaints about two common schemes known as the IRS scam and the Grandparent scam, which target consumers by phone. In the IRS scam, the caller poses as a U.S. Treasury Department, IRS, or other government official, demanding payment for unpaid taxes and threatening consumers with arrest if they do not pay up. These scammers often use fake government logos in their email and caller ID spoofing so that the

victim’s caller ID box says “Internal Revenue Service” or displays the phone number of the Internal Revenue Service. In the Grandparent scam, a grandparent receives a call from someone posing as a grandchild claiming that he or she is traveling and facing an urgent need for money – to make bail, pay a fine, or pay for automobile repairs or medical expenses. The caller begs the grandparent not to tell his or her parents. In both scams, the victims are then given instructions to send funds to the scammers. More recently, scam artists have instructed grandparents to visit retail stores, buy certain gift cards, and then provide the scammer with the information on the back of the card.

Another area of consumer complaints involves student loan debt. There are scam student debt relief companies that offer to lower or eliminate students’ monthly payments, often for an up-front fee. They often use official sounding names to make it sound like they are a government agency. In many cases, they fail to provide the promised services or merely submit paperwork for a free debt relief program offered by the federal government.

The Attorney General’s office analyzed the consumer complaints received from across the state throughout 2016. The following is the 2016 list of the top ten consumer complaints by category:

CATEGORY	NUMBER OF COMPLAINTS
1. Internet	4,605
(internet services & service providers; data privacy & security; consumer frauds)	
2. Automobile	3,437
(buying, leasing, repair, service contracts, rentals)	
3. Consumer-Related Services	2,444
(security systems; restaurant/catering services; tech repairs)	
4. Landlord/Tenant Disputes	2,005
(Security deposit releases, tenant-harassment)	
5. Utilities	1,730
(Wireless and Residential Phones; Energy Servicers & Suppliers; Cable and Satellite)	
6. Credit	1,606
(debt collection; credit card billing; debt settlement; payday loans; credit repair; credit reporting)	

agencies; identity theft)

7. Retail Sales

1,214

(any sale of goods: food, clothing, rent-to-own)

8. Home Repair/Construction

1069

(home improvement services not delivered or done poorly)

9. Mortgage

921

(mortgage modifications; mortgage and loan broker fraud; foreclosures)

10. Mail Order

715

(purchases made online or from a catalog)

The Attorney General also offered a list of tips all consumers should use to protect themselves and their families:

1. **Internet:** We depend on reliable Internet service. [Click here to determine which questions you should ask](#) to choose an Internet plan appropriate for your needs and to gain access to tools to test whether you are getting the Internet speeds you were promised. If you are not receiving the speed you are paying for, call your Internet service provider.

2. **Automobile:** This year the Attorney General celebrated the 30th anniversary of New York's New and Used Car Lemon Laws, which provide a legal remedy for buyers or lessees of new cars that turn out to be lemons. The arbitration program was extended to used cars three years after introduced. You may be entitled to a full refund if your car does not conform to the terms of the written warranty and the manufacturer or its authorized dealer is unable to repair the car after a reasonable number of attempts. The law allows consumers to shop around for the best deal when leasing a car, set limits on early termination, and gives the Attorney General's Office jurisdiction to resolve excess wear-and-tear disputes. Since 1987, over 30,000 new car applications were filed resulting in over 20,000 dispositions through either an arbitration award or a settlement. The 30-year total recoveries to consumers from the new car program are estimated to be in excess of \$245 million and an estimated excess of \$39 million from the used car program. [To file a new or used car "lemon law" complaint, click here and here.](#)

3. **Consumer-Related Services:** We rely on a range of services in our day-to-day living, from snow-removal to home repair to party planning. Make sure to use a written contract for all services that clearly defines restrictions and obligations of both the consumer and service-provider.

4. Landlord/Tenant Disputes: The Attorney General’s Tenant Harassment Task Force investigates situations where landlords and management companies are suspected of using construction as a means to harass tenants. Incidents of harassment include: landlords operating without proper permits; construction projects operating in violation of stop work orders; and landlords who openly ignore requirements for tenant protection plans in order to contain the spread of lead and/or asbestos which may be exposed during renovation. Tenants may lodge complaints by completing and submitting a [Tenant Rights Complaint Form](#) or calling 1-800-771-7755.

5. Utilities/Wireless and Residential Phone Service: A common complaint with long-term wireless service contracts involves the sometimes hefty price for cancellation. Some contracts charge hundreds of dollars. If you are unsure exactly what plan best fits your calling habits, and want to avoid paying a large termination fee, it might be best to avoid an extended contract. Regardless of the length of your contract, remember to carefully read and understand all terms before signing it. Learn more here.

6. Credit: Debt collection is the most common type of credit fraud, and consumers must know their rights. Debt collectors may not harass or abuse consumers, nor provide misleading information – for instance claiming to represent a government agency. Debt collectors cannot sue on debts outside the applicable statute of limitations, the time frame established for the enforcement of legal rights. Consumers have the right to demand verification of the debt. Anyone with credit problems should contact credit counseling agencies licensed by the New York State Department of Financial Services for assistance in managing the situation and avoiding collection scams. Learn [more here](#).

7. Retail Sales: Check return and refund policies. The law requires all merchants to post their refund policies. A store that fails to do so must give consumers 30 days to get a refund in the manner that the purchase was made. Be especially vigilant of “final sales” or “cash-only – final sale” notices, as you will have little or no recourse if the merchandise proves to be defective. Some stores require the original packaging and charge a hefty [restocking fee for returned items](#).

8. Home Repair/Construction: The biggest and most important investment families will make is their homes, and improvements should add value, not hardship. Before entering into a contract, shop around for estimates, check in with the Better Business Bureau, banks, suppliers and neighbors for references, and know your rights: you have three days after signing a [home improvement contract](#) to cancel it.

9. Mortgage: Mortgage rescue scams prey on homeowners in their greatest time of need. Look out for offers that claim to stop or delay foreclosure payments for an upfront fee or make payments on your behalf. Beware of companies that suggest a government affiliation or claim to be with the government, or those that work with attorneys but do not provide legal services. The Attorney General’s Homeowner Protection Program (HOPP) funds a network of more than 85 trusted partners dedicated to providing homeowners with free, qualified mortgage assistance relief services across New York. To find a nearby HOPP provider, visit agscamhelp.com or call the Attorney General’s hotline at 1-855-HOME-456.

10. **Mail Order:** Whether ordering online or from a catalog, make sure the company has an operating customer service line and lists a real street address. Companies operating on a '[fly-by-night](#)' basis often have no working customer service number and list only a P.O. Box.

Tips for other common scams:

IRS scams: Beware of scammers posing as government officials via phone calls or emails. The IRS will never demand immediate payment or payment information over the phone. Do not engage this type of caller or provide any personal information and report the call to our office by [submitting a complaint here](#) or calling our consumer hotline at 1-800-771-7755. Scams should also be reported to the U.S. Treasury Inspector General for Tax Administration at 800-366-4484.

Grandparent scam: Be suspicious of anyone who calls claiming to be your grandchild and asking you to immediately wire money or buy large dollar amounts of gift cards and provide the gift card information. Grandparents should verify any supposed emergency by calling friends and family before wiring money or buying gift cards. [Learn more about common scams targeting senior citizens here.](#)

Student Debt: Beware of phony student debt relief companies that claim to lower or eliminate student loan debt. Do not pay up-front fees. Students should contact their loan servicer themselves to see if any relief is available. For federal student loans such as Stafford or PLUS loans, students should ask if they are eligible for an income-based payment plan or if they qualify for deferment or forbearance.

Health Care Fraud: The Attorney General will soon be releasing a separate report about health care fraud complaints that it received in 2016. In 2015, the Health Care Bureau Helpline received 5,444 complaints. Of these complaints, the Helpline investigated and resolved 2,836 consumer complaints and provided another 2,608 consumers with information or referrals to the agency most appropriate for the inquiry. Along with other consumer relief discussed in the report for 2015, the Helpline secured approximately \$2,781,000 for consumers in restitution and savings resulting from (i) incorrect medical billing; (ii) wrongful rejection of health insurance claims; and (iii) health plans' failures to properly process insurance claims. [The Health Care Bureau Helpline report for the calendar year 2015 can be found here.](#)

"I want to thank Attorney General Schneiderman and his office for their tireless commitment to addressing consumer fraud," said **Assemblymember Brian Kavanagh**, who chairs the Assembly's Consumer Affairs and Protection Committee. "From the volume of complaints submitted by consumers, we know that fraudulent, deceptive, and unfair practices are all too common across many areas of our economy. We also know that for every complaint received, there are many other instances in which New Yorkers fall victim to these practices but do not realize that they have been targeted or that they should file a complaint. I look forward to working with the Attorney General's office and my colleagues in the Legislature to ensure we have strong and effective consumer protection laws and the resources to enforce

them, and to promote consumer awareness so people can avoid common dangers and also know that when something does go wrong, state government stands ready to help protect their rights."

"Consumer fraud is a serious issue and we must remain vigilant in combating the latest scams designed to separate New Yorkers from their hard-earned money," said **Senator David Carlucci**. "As Chair of the Committee on Consumer Protection in the New York State Senate, I intend to use every asset at my disposal to protect consumers. Strong consumer protection ensures that buyers and sellers have faith in our markets and they feel safe conducting business transactions. I thank Attorney General Schneiderman for his targeting of consumer scams and keeping New Yorkers safe and well-informed."

Attorney General Schneiderman reminds New Yorkers that in addition to being vigilant consumers, they should also report instances of fraud to his office. Consumers are encouraged to file complaints to the Attorney General's office by completing and submitting a [Consumer Bureau Online Complaint Form](#) or calling 1-800-771-7755.

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