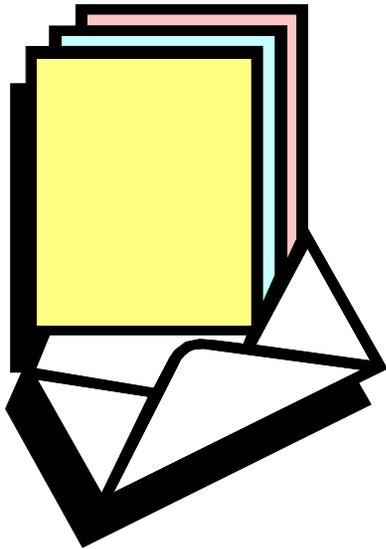


# Facts for Consumers

## How to Right a Wrong



**M**ost companies want to make you happy so you'll come back and recommend them to your friends. But when you find a company that's not making the grade, how do you resolve the problem?

This brochure explains your rights when it comes to mail and telephone order shopping, unordered merchandise, and door-to-door sales. It also tells you how to write an effective complaint letter and lists some resources for additional help.

### MAIL AND TELEPHONE ORDER SALES

Shopping by phone or mail can be a convenient alternative to shopping at a store. But if your merchandise arrives late or not at all, you have some rights.

By law, a company should ship your order within the time stated in its ads. If no time is promised, the company should ship your order within 30 days after receiving it.

If the company is unable to ship within the promised time, they must give you an "option notice." This notice gives you the choice of agreeing to the delay or canceling your order and receiving a prompt refund.

There is one exception to the 30-day rule. If a company doesn't promise a shipping time, and you're applying for credit to pay for your purchase, the company has 50 days to ship after receiving your order.

### Fair Credit Billing Act (FCBA)

You're protected by the FCBA when you use your credit card to pay for purchases.

#### *Billing Errors*

If you find an error on your credit or charge card statement, you can dispute the charge and withhold payment on the challenged amount while the charge is in dispute. The error might be a charge for the wrong amount, for something you did not accept, or for an item that was not delivered as agreed. Of course, you still must pay any part of the bill that isn't in dispute, including the finance charges on the undisputed amount.

If you decide to dispute a charge:

- write to the creditor at the address indicated on the monthly statement for "billing inquiries." Include your name, address, credit card number, and a description of the billing error.
- send your letter in a timely fashion. It must reach the creditor within 60 days after the first bill containing the error was mailed to you.
- the creditor must acknowledge your complaint in writing within 30 days after receiving it, unless the problem has been resolved. The creditor must resolve the dispute within two billing cycles (but not more than 90 days) after receiving the letter.

#### *Unsatisfactory Goods or Services*

You also may dispute charges for unsatisfactory goods or services. To take

advantage of this protection, you must:

- have made the purchase in your home state or within 100 miles of your current billing address. The charge must be for more than \$50;
- make a good faith effort first to resolve the dispute with the seller. However, you are not required to use any special procedure to do so.

Note that the dollar and distance limitations don't apply if the seller is the card issuer or if a special business relationship exists between the seller and the card issuer.

## **UNORDERED MERCHANDISE**

If you receive merchandise you didn't order, federal law says you can consider it a gift. You can't be forced to pay for the item or return it.

If you decide to keep the merchandise, you may want to send the seller a letter stating your intention, even though you're not legally obligated to do so. Your letter may discourage the seller from sending you repeated bills, or it may clear up an error. It's a good idea to send the letter by certified mail and keep the return receipt and a copy of the letter. These records will help you establish later, if necessary, that you didn't order the merchandise.

Two types of merchandise may be sent legally without your consent: free samples that are clearly marked as such; and merchandise mailed by charities asking for

contributions. In either case, you may keep the shipments.

## **DOOR-TO-DOOR SALES**

Shopping at home can be convenient and enjoyable. But there may be times when you change your mind about an in-home purchase.

The FTC's Cooling-Off Rule gives you three days to cancel purchases of \$25 or more made at your home, workplace or dormitory, or at facilities rented by the seller on a temporary short-term basis, such as hotel or motel rooms, convention centers, fairgrounds and restaurants.

### **Some Exceptions**

Some types of sales can't be canceled even if they occur in locations normally covered by the Rule. The Rule **does not** cover sales that:

- are under \$25;
- are for goods or services not primarily intended for personal, family or household use. The Rule applies to courses of instruction or training;
- are made entirely by mail or telephone;
- are the result of prior negotiations at the seller's permanent location where the goods are sold regularly;
- are needed to meet an emergency. Suppose insects suddenly invade your home, and you waive your right to cancel the contract;
- are made as part of your request for the

seller to do repairs or maintenance on your personal property (purchases made beyond the maintenance or repair request are covered).

Also exempt from the Rule are sales that involve:

- real estate, insurance or securities;
- automobiles, vans, trucks or other motor vehicles sold at temporary locations, provided the seller has at least one permanent place of business;
- arts and crafts sold at fairs or locations such as shopping malls, civic centers and schools.

Under the Rule, the salesperson must tell you about your cancellation rights at the time of sale. The salesperson also must give you two copies of a cancellation form (one to keep and one to send back) and a copy of your contract or receipt. The contract or receipt should be dated, show the name and address of the seller, and explain your right to cancel. The contract or receipt must be in the same language that's used in the sales presentation.

### **How to Cancel a Door-to-Door Sale**

To cancel a sale, sign and date one copy of the cancellation form. You don't have to give a reason for canceling the purchase. Mail it to the address given for cancellations, making sure the envelope is post-marked before midnight of the third business day after the contract date. (Saturday is considered a business day;

Sundays and federal holidays are not.) Because proof of the mailing date and receipt are important, consider sending the cancellation form by certified mail so you can get a return receipt. Keep the other copy of the cancellation form for your records. If the seller did not provide cancellation forms, write your own cancellation letter.

### **If You Cancel**

If you cancel your purchase, the seller has 10 days to:

- cancel and return any promissory notes or other negotiable instruments you signed;
- refund all your money and tell you whether any product left with you will be picked up; and
- return any trade-in.

Within 20 days, the seller either must pick up the items left with you, or reimburse you for mailing expenses, if you agreed to send back the items. If you received any goods from the seller, you must make them available to the seller in as good condition as when you received them. If you don't make the items available — or if you agree to return the items but don't — you remain obligated under the contract.

### **PROBLEMS**

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Try to resolve your dispute with the seller first. Make sure you act quickly. Some companies may not accept responsibility if

you fail to complain within a certain period of time.

Send a letter of complaint. A letter is important because it puts your complaint on record and lets the company know you are serious about pursuing the dispute. An effective complaint letter may look something like the sample on page 10. Be sure you keep a copy for your records.

If you can't get satisfaction, consider contacting the following organizations for further information and assistance.

- State and local consumer protection offices.
- Your local Better Business Bureau (BBB).
- Action line and consumer reporters. Check with your local newspaper, TV, and radio stations for a contact.
- Postal Inspectors. Call your local post office and ask for the Inspector-in-Charge.
- The Federal Trade Commission. Contact the Consumer Response by phone, toll-free at 1-877-FTC-HELP (382-4357); TDD: 202-326-2502; by mail: Consumer Response Center, Federal Trade Commission, 600 Pennsylvania Avenue, NW, Washington, DC 20580; or by email: use the complaint form at [www.ftc.gov](http://www.ftc.gov). Although the FTC does not intervene in individual disputes, the information you provide may provide a pattern of possible law violations requiring action by the FTC.

- Mail/telephone orders only. The Direct Marketing Association (DMA), 1111 19th Street NW, Washington, DC 20036.
- Door-to-Door sales only. The Direct Selling Association (DSA) can help you with your complaint if the door-to-door seller is a member. Write: DSA, 1776 K Street NW, Washington, DC 20006.

### **DISPUTE RESOLUTION OPTIONS**

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You also may want to consider dispute resolution programs. A popular way to settle disagreements, a dispute resolution program can be quicker, less expensive, more private and less stressful than going to court. Many businesses, private organizations and public agencies offer these programs. Two resolution techniques are mediation and arbitration.

Through mediation, you and the other party try to resolve the dispute with the help of a neutral third party — a mediator. In the course of informal meetings, the mediator tries to help resolve your differences. The mediator doesn't make a decision; it's up to you and the other party to reach an agreement. The mediator is there to help you find a solution.

In arbitration, you present your case before an arbitrator, who makes a decision. Arbitration is less formal than court, though you and the other party may appear at

hearings, present evidence or call and question each other's witnesses. The decision may be binding and legally enforceable in court.

Contact the following organizations for dispute resolution options in your area: local and state consumer protection offices, small claims courts, BBBs and bar associations.

## **FOR MORE INFORMATION**

If you're not sure what federal agency has jurisdiction over your inquiry or complaint, contact the Federal Information Center (FIC), listed in the U.S. government section of phone books in major U.S. cities. For a complete list of FIC numbers, send a postcard to: Federal Information Center, Pueblo, Colorado 81009.

To learn more about your consumer rights and responsibilities, contact the FTC. The FTC works for the consumer to prevent fraudulent, deceptive and unfair business practices in the marketplace and to provide information to help consumers spot, stop and avoid them. To file a complaint, or to get free information on any of 150 consumer topics, call toll-free, **1-877-FTC-HELP** (1-877-382-4357), or use the complaint form at [www.ftc.gov](http://www.ftc.gov). The FTC enters Internet, telemarketing, and other fraud-related complaints into **Consumer Sentinel**, a secure, online database available to hundreds of civil and criminal law enforcement agencies worldwide.

## **Sample Complaint Letter**

(Your Address)  
(Your City, State, Zip Code)  
(Date)

(Name of Contact Person)  
(Title)  
(Company Name)  
(Street Address)  
(City, State, Zip Code)

Dear (Contact Person):

On (date), I purchased (or had repaired) a (name of the product with the serial or model number or service performed). I made this purchase at (location, date, and other important details of the transaction).

Unfortunately, your product (or service) has not performed well (or the service was inadequate) because (state the problem).

Therefore, to resolve the problem, I would appreciate your (state the specific action you want). Enclosed are copies (copies, NOT originals) of my records (receipts, guarantees, warranties, cancelled checks, contracts, model and serial numbers, and any other documents).

I look forward to your reply and a resolution to my problem, and will wait (set a time limit) before seeking third-party assistance. Please contact me at the above address or by phone (home or office numbers with area codes).

Sincerely,

(Your Name)  
(Your Account Number)