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Consumer Advisory Bulletin- July 2006

Beware of "Free Trial Offers"

Study your billing statements for unauthorized charges.

Some consumers are being charged for products or services and don't even know it. This happens especially when consumers receive "free trial offers" for buying club memberships, travel clubs, or "credit card protection plans" -- and then are charged automatically on their credit cards or bank accounts when the free trial period ends.

Consumers often are surprised when - and if - they discover the unexpected bill. The problem seems to stem from two things: First, consumers may not realize a seller already has the key information to bill their credit card or checking account. Second, some sellers may use questionable tactics to try to shift the burden onto the consumer to cancel.

If you don't cancel within the "free trial offer period" (usually 30 days), your credit card will be charged the monthly or annual membership fee, possibly as much as \$100 or more. And you may be charged repeatedly every month or every year if you don't cancel.

"Free trial offers" may come in several ways:

- On the phone. You may order a product or ticket, or make a hotel or car reservation - and then the telemarketer may ask you to consider a "free trial offer" membership.
- In mailings. For example, a bank statement may include a check made payable to you for a small amount (say, \$10 or \$15) -- with small type on the back of the check telling you that if you cash the check you'll be joining a buying club.
- Over the Internet. You may order something over the Internet and receive a "pop-up" ad on your computer screen with the "free trial offer."

Remember, sellers may already have access to charge your credit card or checking account -- and they will bill you after the free trial period without further approval from you. They count on you forgetting, not noticing the billings, or not noticing if they send you a mail notice that you discard as "junk mail." And some unscrupulous sellers may start billing you even if you decline the free trial offer!

Don't be trapped by "free trial offers":

- Reject a free trial offer unless you are absolutely sure it is something you will use. Make it very clear to the solicitor that you are declining the offer. Beware of cashing a check that comes in the mail with a free trial offer.
- Examine your credit card bill every month, and your checking account and phone bills, too. Watch for unauthorized charges -- and dispute them at once, in writing.
- Watch your mail carefully. (Some cancellation notices look like junk mail.)

To file a complaint, write to the Attorney General's Consumer Protection Division, Des Moines, Iowa 50319. Call 515-281-5926 or 888-777-4590 (toll-free.) The web site is www.iowaAttorneyGeneral.org

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