

CONSUMER ADVISORY

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By Attorney General Tom Miller

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 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.

Questionable “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 or credit card statement may include a check made out to you for a small amount (say, \$10 or \$15) -- with fine print that signs you up for some kind of program and monthly or annual charge if you cash it. 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 a phone solicitor that you are declining the offer. Don't cash checks mailed to you that trick you into signing up for a program, and paying for it.
- 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.)

Contact the Attorney General's Consumer Protection Div., D.M., IA 50319. Call 281-5926 or 888-777-4590 (toll-free.) The web site is www.iowaAttorneyGeneral.org.