

CONSUMER ADVISORY

July 2010

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 they 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 unexpected charges. The problem seems to stem from two things: First, consumers may not realize a seller *already has key information to bill their credit card or checking account*. Second, some sellers use questionable tactics to put the burden onto the consumer to cancel.

If you don't cancel within the "free trial 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.” In mailings: For example, a bank or credit card mailing may include a check made out to you for a small amount (say, \$10) -- with fine print that signs you up for a program and monthly charges if you cash the check. Over the Internet: You may order something on the Internet and then a pop-up screen offers you a “cash-back” opportunity that involves a “free trial offer.”

Remember, *sellers may already have access to charge your credit card or checking account*, or may ask you to provide it -- and they may bill you after the free trial period without further approval from you. They may count on you not expecting to be billed, not noticing the charges, or not noticing if they send you a mail notice and you discard it as “junk mail.” Some unscrupulous sellers may bill 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 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.gov.