

Top 5 Consumer Issues Press Conference

This month, Consumer Affairs held its annual Top 5 Consumer Issues press conference where it announced the top 5 consumer issues reported in 2012. Topping the list for Consumer Affairs this year were auto insurance related questions and complaints, followed by health and home insurance inquiries, lemon law, and home improvement contractor questions.

Two consumers shared their experiences with the Office of Consumer Affairs' most popular programs. Jesika Jeune-Clerge told conference attendees how Lemon Law Arbitration got her a refund after an auto dealer refused to make the necessary repairs on her newly purchased vehicle. Corrin Arone and her husband were left with thousands of dollars in damages after their kitchen remodel was botched by a less-than-reliable contractor. Thanks to the Home Improvement Contractor Arbitration program, they were able to recoup \$10,000, the maximum allowed under the law.

Mortgages and loan modifications were top issues for both the Better Business Bureau and the Attorney General's Office, who have been working in concert with Consumer Affairs to ensure consumers don't fall victim to predatory lending. To aid struggling homeowners, the Attorney General's [HomeCorps](#) program has facilitated millions of dollars in mortgage relief to struggling homeowners. Additionally, the Division of Bank's new mortgage servicer and foreclosure regulations will provide needed aid to consumers.

TOP 5 CONSUMER ISSUES



OCABR

1. Auto Insurance
2. Health Insurance
3. Home Insurance
4. Home Improvement Contracting
5. Lemon Law

AGO

1. Loan Modification and Foreclosure Assistance
2. Protecting Personal Information
3. For-profit Schools
4. Debt Collection Abuses
5. High Pressure Sales Pitches

BBB

1. Mortgages
2. Used Car Dealers
3. General, Residential & Commercial Contractors
4. Home Improvements
5. Movers

USPI

1. Foreign Lottery Scams
2. Fake Checks
3. Work-at-Home Scams
4. Telemarketing Fraud
5. Cross-Border Fraud

You can learn more about the event by reading the [press release](#). For more information from any of the agencies, please visit:

Attorney General's Office, on Twitter [@MassAGO](#)
U.S. Postal Inspector, on Twitter [@USPISpressroom](#)
Better Business Bureau, on Twitter [@BostonBBB](#)

News From the Undersecretary

At Consumer Affairs, we consider financial literacy to be among a consumer's most important skills. In response to a survey of Massachusetts teens which found that 93% had no experience paying household bills or managing a budget, Governor Patrick declared April 2013 Financial Literacy for Youth Month. Specifically, this month was designed to give youth the skills they need to become successful members of the economy.



Barbara Anthony

The Office of Consumer Affairs has taken the lead in educating consumers on personal finance issues. Stashing money under the mattress is impractical for today's world and check-cashers and alternative financial products are associated with high use-related fees. Most students will graduate high school with little or no practical personal finance education. Understanding the fundamentals of credit, debt and balanced budgets is a crucial life lesson that will affect the financial security of students as they enter the working world. Our Project Credit Smarts program strives to educate college students about credit and debt management.

Having a bank account is another vital aspect to personal financial security. For those who are underbanked or unbanked, we encourage you to learn about the state's "18-65 law." Under this law, residents younger than 18 or older than 65 are entitled to one free checking and savings account at a Massachusetts state-chartered bank.

Financial success takes hard work and discipline. There is no silver bullet or quick trick to become financially savvy. If you are worried about your financial security, I hope you take advantage of the programs offered this month and ask for your help encouraging the Commonwealth's youth to take an active role in their personal finances.

Prepaid Cards: Feasible of Fee-sible?

Earlier this month we hosted the 23rd Annual National Consumer Protection Week Conference with our co-sponsors the [Division of Banks](#), [Suffolk University Law School](#) and [ConsumerWorld.org](#). The main topic of the conference was prepaid cards, and each of our speakers gave some insight into this popular product.

A prepaid card looks like a debit or credit card and is offered by a financial institution or retailer and has a specific amount of money pre-loaded onto it. An [article](#) in USA Today noted that the use of these cards has grown over 600% since 2010 and that Americans will likely load over \$200 billion on them this year.

Prepaid cards are attractive because, unlike cash, many can be replaced if lost or stolen (though this process can be fairly complex). Consumers don't need a bank account to use a prepaid card, and the cards can be a good way for people without a bank account to avoid check cashing fees. A person's credit history has no impact on his ability to get a prepaid card. There is the option to have multiple cards associated with one prepaid account, and on most cards there is no risk of overdrawing on the account.



Prepaid cards aren't subject to the same protections as regular credit and debit cards, cannot help you build credit, and often are full of hidden fees.

Though there are some benefits, prepaid cards pose many problems. There are limited federal regulations that apply to these cards, no federally mandated fraud protection, and no requirement for FDIC insurance even if the card is issued by a bank. The cards don't help build credit, so proper management will not positively impact credit history. There is also no requirement for periodic statements, making it difficult for the consumer to keep track of the amount of pre-loaded money left on the card.

It is also nearly impossible to redeem the full value of these cards. When a consumer has just a few dollars or cents left on the card, if she doesn't know the exact amount on the card, the transaction may not be completed. Generally merchants are not able to determine the available balance.

Our biggest item of concern is that prepaid cards are associated with high use-related fees and extra charges. Associate Dean Kathleen Engel of Suffolk University Law School outlined many of these fees at the conference, including card purchasing fees, monthly maintenance fees, balance inquiry fees, and ATM withdrawal fees.

For more information on prepaid cards from the Consumer Financial Protection Bureau click [here](#). You can also click [here](#) to lodge a prepaid card complaint.

Reality Check Fair

On Thursday, April 11, Undersecretary Anthony attended the Reality Check Fair at Roxbury's Reggie Lewis Center. The Reality Check Fair is an interactive way for high school student to learn about financial realities through hands on exercises on personal finance. The lessons commence with students participating in a exercise in which they are given a salary and must decide whether their budget permits them to own a house or rent an apartment, buy a car or use public transportation. At the end of the exercise students discuss their choices with financial advisors who help them understand the repercussions of their decisions. Undersecretary Anthony spoke to the students before the exercise discussing how to manage credit and debt, the perks of having a bank account, and the importance of financial literacy.

Beware: Charity Scams

In the wake of the attack on the Boston Marathon, the Office of Consumer Affairs partnered with Attorney General Coakley's office to alert consumers to be vigilant against charity scams. Unfortunately after any tragedy, scammers come out of nowhere looking to make a quick buck on others' generosity. The agencies issued a joint [press release](#), reminding consumers to research charities before donating, verify the address, phone number, and contact information of the charity. Governor Patrick and Mayor Menino recently announced the formation of [The One Fund Boston](#) to help the people most affected by the tragic events.

Empowering Healthcare Consumers: A Community Conversation

May 6, 8:15 AM to 1:00 PM

Suffolk University Law School
120 Tremont Street,
Rappaport Center,
Boston, MA

The conference will highlight price and information transparency tools and include a stakeholder panel and small-group discussions that focus on consumer attitudes toward healthcare prices and medical information. Conference registration is already full, so keep an eye out for next month's Consumer Insider for a full report!

