

## Be a Savvy Consumer & Scams

**Be on the lookout for and avoid scams:** Most fraud and identity theft schemes promise easy money, prizes or a debt-free life in exchange for upfront money or personal information. Scammers reach out via phone, text or email (phishing) to get your personal information or account and claims. Common scams include access to social security or unemployment benefits.

- Don't give out your personal information and resist the pressure to act immediately. Talk to someone you trust if you're unsure. It is best not to click on any links. Instead, contact them using a website you know is trustworthy or look up their phone number. Report any scams to the State and Federal authorities (see next page).

**Buy Now, Pay Later (BNPL):** An increasingly popular alternative, especially for online purchases. These plans split the cost of a purchase into smaller, interest-free installments are paid over time. BNPLs are a line of credit from an outside company, can have fewer protections, and more conditions than traditional loans or credit cards. Be sure to read the fine print, terms of service, and look at alternatives.

**Cell Phone Contracts:** Did you know that many people pay too much for their cell phone service? When shopping for a new phone, be sure to ask whether you will be charged for items such as service charges, activation or early termination fees, directory assistance, downloads, etc.

**Credit, Debit, Pre-Paid & Gift Cards:** These cards may all look the same but are very different.

- Credit cards are like loans and will charge interest on purchases.
- Debit cards allow you to withdraw money from your own checking account.
- Prepaid cards, payroll cards, and gift cards have pre-loaded funds, aren't connected to a checking account, and often have fees.

**Predatory Lending** is any lending practice that uses deceptive or unethical means to convince you to accept a loan under unfair terms or one you don't actually need. Predatory lenders often target the older adults, the less educated, lower income households, and communities of color.



**Consider all other options** such as a credit builder loans with a bank or credit union or having a co-signer before agreeing to one of these loans, which can include:

- **Payday Loans & Cash Advances:** Short-term, high-interest loans, usually under \$500 and due on the next pay day. They are expensive and can damage your credit, sometimes adding up to 300% interest.
- **Car Title Loans:** Marketed as small emergency loans for a short period of time with very high interest rates; you need to give the lender the title of your vehicle.
- **Buy-here, Pay-here Car Loans:** Can help people with poor credit secure auto financing through car dealerships that both sell and finance its cars. These loans might not help you build credit and can come with high costs. Our Consumer Tips sheet and NPR's Life Kit ("How To Buy A Car") can help you navigate these options.

### SMART MONEY TIPS

The following can help you navigate contracts, financing, and more:

- Take the time to read the fine print. Don't let anyone rush you and ask questions if you don't understand something.
- Be on the lookout for hidden fees or extra costs.
- Shop around. Compare costs and plans when looking for various services.
- Review your statement for the terms, conditions and fees associated with an account or card (i.e., balance transfers, late payments, cash advances, credit limits).
- Know the Annual Fee and Annual Percentage Rate (APR) on each credit card you own.
- Seek out alternatives for high-cost loans and financing. Check local banks or credit unions, talk to family or friends or credit counselor.

#### 4 Signs It's a Scammer:

- They PRETEND to be from an organization, government agency, or business you know.
- They say there's a PROBLEM or PRIZE.
- They PRESSURE you to act immediately.
- They tell you to PAY in a specific way.

View our Consumer Tips: Avoiding Scams, Fraud & Predatory Practices worksheet at [BankOnMilwaukee.org/resources](https://BankOnMilwaukee.org/resources).

# Protecting Yourself from Identity Theft & Fraud

Identity theft and identity fraud refer to all types of crime in which someone wrongfully obtains and uses another person's personal data in some way that involves fraud or deception, typically for economic gain. They are getting more sophisticated every day, so it is important to stay vigilant and up-to-date on the new ways they are taking advantage of people.

## Protect your personal information and identity

- Keep your financial records in order. Look at bank statements and bills as soon as they arrive, and immediately report any discrepancies or suspicious activity like an unauthorized withdrawal or charge.
- Take advantage of identity protection services offered by your employer, bank/credit union. Some allow you to set up alerts about charges that seem different from your normal spending habits (amount, location, etc.).
- Don't provide your credit card, bank account or social security numbers to any unknown caller.
- Do not provide personal information to unsolicited calls, even if the call is from a company or organization you have done business with in the past.
- Leave your social security card, credit cards you don't use and other personal account information at home in a safe place. Do not store or leave any of these items in your car console or glove box either.
- Shred documents you no longer need that have account numbers and personal information on them.
- Use antivirus and spyware protection software and firewalls on your computer, and be sure to update them!
- Use passphrases – a string of unrelated words with spaces between – rather than passwords. Change them often.

## IRS Fraud

You may not know you're a victim of identity theft until you're notified by the IRS – via mail – of a possible issue with your tax return. **NOTE: The IRS does *NOT* do the following:**

- Initiate contact with taxpayers by email, text or social media to request personal or financial information.
- Call with threats of lawsuits or threaten to bring in local police, immigration officers or other law-enforcement to have you arrested for not paying. The IRS cannot revoke a driver's license, business licenses, or immigration status.
- Call, email, text or connect through social media to request PIN numbers or financial information.
- Demand that you pay taxes without the opportunity to question or appeal the amount they say you owe.

## Protect Your Home, Property, & Business

- Foreclosure prevention companies offer to solve all of your problems for a fee, but HELP IS FREE! Local, professional agencies are available to help you take steps to prevent foreclosure at no charge. (See page 14)
- Before you hire a contractor, ask family and friends for recommendations. Ask the contractor for references from their customers and look them up through the Better Business Bureau. [bbb.org](http://bbb.org) or (414) 847-6000
- Always be sure to obtain more than one estimate for any service being done to your property. Read everything carefully before you sign, and don't be rushed. Review this fact sheet on home improvement consumer tips from the Department of Agriculture, Trade and Consumer Protection (DATCP): [datcp.wi.gov/Pages/Publications/HI-ConsumerTips136.aspx](http://datcp.wi.gov/Pages/Publications/HI-ConsumerTips136.aspx).
- Businesses can fall victim to many of the same scams and fraud issues that individuals do. Take similar precautions for business as you would yourself – use anti-virus, encrypt sensitive data, use passphrases, etc.

## SMART MONEY TIPS

**If your identity is stolen,** report it the Federal Trade Commission right away. They can help you build a recovery plan. Visit [identitytheft.gov](http://identitytheft.gov) to start the process. You can also file a complaint through the State of Wisconsin (DATCP) – see below.

**Opt-Out** of pre-approved credit card and insurance offers: [optoutprescreen.com](http://optoutprescreen.com). Stop unwanted marketing offers by signing up for:

- Do Not Call list: [donotcall.gov](http://donotcall.gov) or call 1-888-382-1222
- Do Not Mail list: [dmachoice.org](http://dmachoice.org) (\$2 processing fee to opt out for 10 years)
- Do Not Email list: [ims-dm.com/cgi/optoutemps.php](http://ims-dm.com/cgi/optoutemps.php)

### Report Scams!

**Wisconsin Consumer Protection Hotline**  
(800) 422-7128 or [datcp.wi.gov](http://datcp.wi.gov)

**Federal Trade Commission**  
(877) 382-4357 or [reportfraud.ftc.gov](http://reportfraud.ftc.gov)

