





## What scams could have cost us

Fake sweepstake	£20
Work-from-home	£49.99
African advance fee and foreign money scams	Contents of our bank account
Fake prize draws and premium phone numbers	£18.99
Bogus foreign lottery	£34,197.82

# Avoiding scams

## IN BRIEF

In this report we help you to:

- learn how to recognise and avoid scams
- get help if you've been a victim
- report scams you've received.

From pyramid schemes to fake lotteries – we reveal the tricks that scammers use to get their hands on your money, and how to avoid them

**M**ore than three million of us fall victim to mass-marketed scams a year, losing £3.5bn between us, according to the Office of Fair Trading (OFT). That's about £70 per adult in the UK.

Whether it's a fake lottery or a get-rich-quick scheme, they come in many guises, and scammers are constantly coming up with new tricks. The Scambusters team at the OFT is expecting to see a rise in the number of people falling for work-from-home scams as the economic situation worsens.

We may like to think we're canny but, as Roger Hislop at the OFT points out, 'Scammers are very clever – they play on people's hopes and vulnerabilities to trick them out of their money.'

We asked you to send us scams that you had received and got dozens of responses by post and email – including everything from foreign money scams to fake prize draws. Several of you expressed concern for elderly relatives you felt had become targets.

We then looked into these scams further and tried some out for ourselves. In total, we could have lost £34,286.80 and the contents of our bank account. In this report, we give you expert advice on how to tell the real from the fake.

## FAKE SWEEPSTAKE

**What is it?** You receive a letter or email saying that you've won a large cash prize. It looks official and asks you to send a fee of, say, £20 to transfer the money. In faint small print it explains you're only being offered the chance to enter a prize draw.

Alternatively, you're told you have won money, but you have to order something from a catalogue to receive it. Again, this just enters you into a prize draw.

**What we found** One mailing we received from the Society for the Organisation of Fund Transfers (SOFT) told us we were the 'Definitive confirmed winner...to be paid by cheque £32,500. All of my heartiest congratulations...you can take immediate possession of the cheque that you have truly won.'

But buried in the small print it said: 'This document is purely for publicity purposes, presented in an attractive way.'

We contacted B&N, the company that runs SOFT, but got no response.

Mailings we received from other companies said that we had won a large cash prize, such as £45,000, and simply had to place an order with the catalogue provided. Further down the mailings, or in the small print, it said we were simply entering a prize draw.

**How much we would have lost** £20.



It seems like we've won £32,500, but the small print tells a different story

**Your experience** One member who wrote to us said: 'Like so many others, we have been bombarded with these attractive offers and have replied to some – without, of course, getting any fat cheques. There's no doubt the wording is misleading.'

## WORK-FROM-HOME SCAMS

**What is it?** You're offered a quick way to make a lot of money from home without having any qualifications or skills. You have to pay money upfront, either in the form of a registration fee or to buy goods. It then turns out that there is either no work or that you can't make any money.

**What we found** A scheme we found online called Direct Marketing UK said that we could earn £1.60 for every envelope we stuffed. We would have to send them £49.99 for a 'Home Business Mailwealth Program' to get us started.

A quick check of the Advertising Standards Authority (ASA) website revealed that what we'd actually be doing is placing adverts asking people to write to us for further information on envelope work – effectively recruiting others to do exactly what we were doing.

The ASA ruled that it was a pyramid scheme (see p23), which is illegal under the new Consumer Protection Regulations, so the only way to get a return on our money would be to take part in an illegal activity.

The OFT says: 'If it's a work-from-home deal, they should be clear about what work you'll be doing upfront – if they're not, be very careful. The National Group on Homeworking can provide you with information on genuine homeworking opportunities.'

We contacted Direct Marketing UK but got no response.

**How much we would have lost** £49.99.

**HOME WORKERS**  
URGENTLY REQUIRED

No Experience Necessary. Computers Not Required

Direct marketing company requires self motivated home workers to do envelope work. Earn £1.60 per envelope

**Example of Earnings**

- Do 50 envelopes get paid £80?
- Do 100 envelopes get paid £160?
- Do 250 envelopes get paid £400?

The more envelope work you do the more cash you earn

**The ASA ruled that this was an illegal pyramid scheme**

## AFRICAN ADVANCE FEE AND FOREIGN MONEY SCAMS

**What is it?** You receive an email or letter from someone who says that they need help transferring money overseas. They will typically claim to be a government official, or say that they work at a state-owned company. They say that they want to use your bank account to transfer money, and in return you will get a cut.

Variations on this include emails or letters saying that you have inherited money or that they have money belonging to you, which they will deposit in your account. They ask for your banking and personal details and then clear out your account.

**What we found** One of the emails we replied to told us that African crime fighters had recovered some money we had lost, and asked us to get in touch. When we contacted them, we were told that we had \$1m waiting to be transferred into our bank account. We were then asked to call a number and leave our bank details.

**How much we would have lost** The contents of our bank account.



ONLINE

**Want tips on how to avoid foreign money scams?**

[www.which.co.uk/foreign-money-scams](http://www.which.co.uk/foreign-money-scams)



**Don't be fooled – we could have lost the contents of our bank account**

**Your experience** Which? member Marian Adderley contacted us about a letter she received from 'David Chang', proposing that they share millions that had been inherited from her relative Alfred Adderley.

Peter Judd contacted us with an almost identical letter from 'Felix Tang', this time saying the money had been inherited from his relative Alfred Judd. Both letters asked for personal details.

## The worst of the rest More scams to watch out for

**Fake clairvoyant** You receive a letter from a 'psychic' or 'clairvoyant' guaranteeing you good fortune if you send them money. This is often for a 'lucky trinket'. Alternatively, the letter may be threatening in tone.

While some people genuinely believe themselves to be clairvoyants, the scammers will send out thousands of identical letters claiming they're personal.

### High-risk investments

You are offered the opportunity to invest in shares, fine wines, gemstones, art or other high-value items. The scammers promise that they will rocket in value, but actually they are over priced, very high risk and difficult



to sell on, meaning that you will be left out of pocket.

**Loan scams** You are offered a loan, regardless of your credit history. You have to pay a fee in advance to cover insurance of the loan. Once this is paid, the loan is never received.

**Miracle health cures:** A letter or email arrives promising a health 'miracle', whether it's to cure baldness, arthritis, impotency, heart disease or cancer. You buy it, and it's completely ineffective.

Alternatively, the scammers may promise easy weight loss without the need for diet or exercise.

**Holiday clubs:** You are given a scratchcard while on holiday which says that you've won a prize. You have to go to a presentation to claim your prize, and you're pressured to sign on the spot.

The claims are not delivered – there are no free holidays, and often holidays offered through the club can be found cheaper elsewhere.



## FAKE PRIZE DRAWS AND PREMIUM PHONE NUMBERS

**What is it?** The most common scam in the UK. A letter, scratchcard or automated phone call tells you that you have won a major prize. You have to ring a premium 090 number to find out what it is.

The prize that arrives will often cost less than the call cost to make, such as a cheap watch or jewellery. Also, as the big prizes are often shared between lots of competitions, you don't know the odds of winning – which can be very small.

The OFT has obtained injunctions against certain prize draw promoters, preventing them from sending out any more mailings.

In one case, the defendants sent a mailing called 'URA winner'. However, nearly everyone received a low-value item or a holiday voucher for one person, with lots of conditions attached. It cost £9 to call the number, and a further £12.50 for P&P.

However, while some promotions are clearly scams, for others it's more difficult to decide. Several of you sent us the following mailing because you felt that it was misleading.

**What we found** The Unclaimed Prize Register sent mailings saying you could claim one of a selection of 'awards' – anything from £25,000 to an MP3 player.

We called the premium-rate number, which cost us £9, and they sent us a voucher for the MP3 player, which we



## VULNERABLE TO SCAMMERS' TRICKS

**John Richardson 71**, chairman of *Johnsons of Whitley* – wholesale nurseryman

John Richardson's mother, 91, became a target for scammers. As she has Alzheimer's, she is particularly vulnerable to their tricks. John says that she frequently receives promotions saying she has won a prize, and she then calls premium-rate phone numbers.

John says: 'Not only is the main wording deceptive, but the conditional print is so small that it's very difficult for an older reader.' The worst incident he can remember is £32 of phone calls for a camera that never appeared. He says: 'I think these companies are unscrupulous and lead vulnerable people to lose money they can ill afford to part with.'

John says that they have had help and support from the Alzheimer's society. Go to [www.alzheimers.org.uk](http://www.alzheimers.org.uk) for more information.



**We spent £18.99 to claim our prize, which we are still waiting for**

had to return with a further £9.99 for P&P (£18.99 in total).

McIntyre and Dodd, the company that runs the Unclaimed Prize Register, says there is a similar MP3 player on sale for £21.99 not including the cost of delivery. For that price, we found Samsung or Sony MP3 players with more advanced features than the unbranded model that was delivered.

McIntyre and Dodd told us: 'We strongly refute your allegation that the promotion is a scam. Over £1.4m in cash prizes has been awarded in 2008 to date. People can claim by post, in which case the cost is £9.99 for P&P. We use the term 'award' as it is considered a non-emotive term that avoids raising unrealistic consumer expectations.'

Which? lawyer Chris Warner says: 'The new Consumer Protection Regulations (CPRs) 2008 mean that it is now a criminal offence for a company to create the false impression that you've won a prize when in fact you need to pay money to receive that 'prize'.'

**How much it cost us** £9 on the call and £9.99 for 'P&P'. **Total: £18.99.**

## BOGUS FOREIGN LOTTERY

**What is it?** You receive a letter, email or phone call saying that you've won a large cash prize in an overseas lottery.

## Which? online Your rights

If you're not sure whether something is a scam or not, or just want to know more about your consumer rights, go to [www.which.co.uk/rights](http://www.which.co.uk/rights) for

expert advice and information on pyramid schemes, fake prize draws, work-from-home scams, fake clairvoyants and the new Consumer Protection regulations 2008.



## YOUR QUESTIONS ANSWERED

## Roger Hislop of the OFT Scambusters team gives his advice for dealing with scams

**Q** How do I spot a scam?

**A** There isn't one catch-all rule; however, there are a number of basic tricks that most scammers use. These include:

- 1) Using fake deadlines or limited availability to try to rush you into a hasty decision.
- 2) Having to pay upfront fees (sometimes termed 'administration' or 'processing' fees) before receiving a lottery 'win', large 'prize' or work opportunity.
- 3) Over-personalised letters – your name is peppered throughout the mailing, but in fact this has been done using a computer-generated letter. Watch out for spelling mistakes and American spelling of words.
- 4) Using official-sounding

names, logos and job titles or referring to important-sounding organisations to overcome people's natural reaction that something is not quite right.

5) Asking for payment upfront via a money-transfer agent, telling you to keep quiet about your winnings or not to believe people who are telling you something is wrong.

**Q** What should I do if I think I've been a victim of a scam?

**A** It's important to take advice – whether it's from friends, family or the Citizens Advice Bureau. Consumer Direct (08454 04 05 06), a government-funded telephone and online service, can offer information and practical

advice about scams. You can also use its website to report scams that you've received.

**Q** What is the OFT doing about scams?

**A** The OFT has a dedicated Scambusters team. We have taken action against misleading prize-draw promotions, bogus psychics and miracle health cures within the UK and European Union.

We also believe it's important that consumers are empowered to recognise and avoid scams. We run a month-long awareness campaign every February. This includes an event called Scamnesty, which we run in conjunction with local trading standards.

We ask the public to help us



fight scams by placing scam mailings in designated bins in public places such as libraries. This helps inform our future work by providing intelligence, and therefore helps to prevent others from falling victim to scammers. We will be repeating this in February.



**Bogus foreign lotteries may ask for a percentage of your 'win' to cover fees**

You could be asked for money upfront to cover administration and taxes, and it turns out that there is no prize.

Alternatively, you are sent a cheque and told that you have to wire 5% back to cover fees. The cheque is then cancelled or is fake, and by then you have also lost the money you sent.

**What we found** We received a letter saying that we had won an international lottery, so we gave the operators a call. They congratulated us for winning €815,950 and said we had to pay them back 5% (£40,797.50) – but only once we had received our prize money.

Andrew Garrett at the OFT explains how it works: 'The cheque would bounce, and the scammer is relying on you wiring the money within the time it takes for the cheque to clear, or for it to become apparent it's fraudulent.'

'There is often a delay between the amount being credited to your account and for the bank to ascertain that the cheque is fraudulent. Thus an initial check of your bank account might lead you to think the money is there, even though it's not.'

**How much we would have lost** £34,197.82.

## PYRAMID SCHEMES

**What are they?** In a pyramid scheme, you pay to become a member of the scheme and are promised large earnings for recruiting others. If enough new members join, then some will make money. However, lots of people don't make money as this would require an infinite supply of new members.

Matrix schemes work in similar way. You sign up to an internet scheme paying, say, £20 for a small item, and are then put on a list for a higher-value free gift. As more people join, you move up the list. However, for many members, the

'free gift' will never arrive. Pyramid schemes are now illegal under the new CPRs.

**What we found** The work-from-home scam is also a pyramid scheme.

## Pyramid schemes are illegal under the Consumer Protection Regulations



## Contacts

**Consumer Direct**  
www.consumerdirect.gov.uk  
0845 404 0506

**Advertising Standards Authority**  
www.asa.org.uk

020 7492 2222  
enquiries@asa.org.uk

**National Group on Homeworking**  
www.homeworking.gn.apc.org  
0800 174 095