Protecting Yourself Against Home Improvement Fraud

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Rule #1

- If it sounds too good to be true, **IT IS**!!!

Free Paint

Cheap Labor

Special Pricing

One Day Only!

Home Improvement Scams

- Common Types of Home Improvement Scams
  - Driveway Repair Scam
  - Roofing Repair Scam
  - Chimney Repair Scam
- These normally occur in the Spring and Fall
- "Contractors" go door to door soliciting work
- Offer their services at a greatly reduced price
  - Just working "down the street"
  - Have material left over and noticed you need some work done
- May use the above scenario to gain entry to your house and steal from you directly (burglary, etc.)

Driveway Scam

- The offender will knock on your door and try to entice you to have your driveway resealed
- "Contractor" will tell you they have materials left over from another job and say they are only charging you labor (May quote you a price of $50)
- Once the work in complete, they will ask for $2000 and if you refuse to pay, they will threaten to call the police and report you for theft of services

Roofing and Chimney Scams

- “Contractor” will approach a homeowner with a story about how they were working down the street and noticed some ice and snow damage to the roof or chimney.
- “Contractor” will appeal to the homeowners worries about the roof starting to leak or the chimney falling down if not fixed immediately.
- “Contractor” will then quote a low price for the “minor” repair.
- They will then do a small noticeable repair such as replacing a shingle or patching some mortar.
- When the “repair” is complete, they will ask for a large sum of money claiming the damage was more severe than expected.

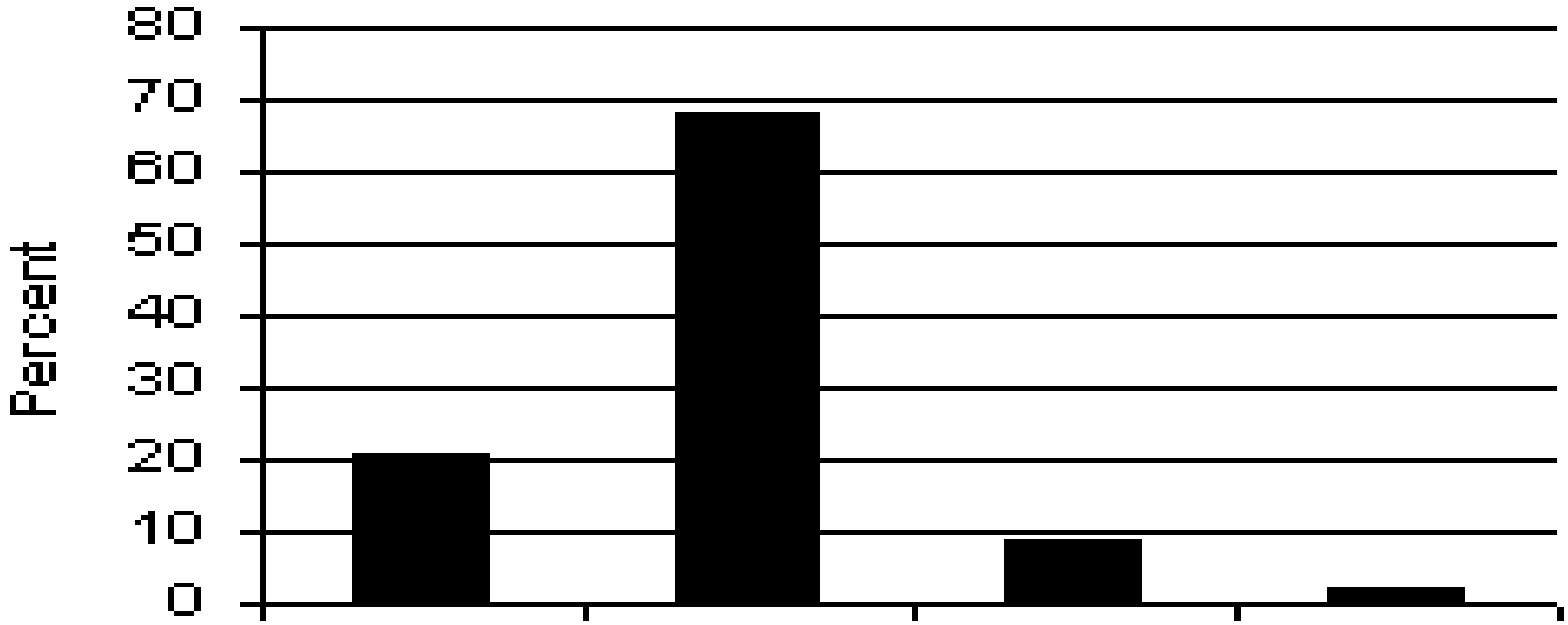
Typical Victims

- Older homeowners are often more vulnerable than younger homeowners because:
  - More likely to be home during the day when fraud perpetrators tend to operate
  - More likely to live alone
  - Be more trusting of "door to door" salesperson
  - May have physical or mental limitations

Victims cont'd

- Older homeowners are more likely to:
  - Have relatively large amounts of cash on hand or a readily accessible checking account
  - Be less likely to take action against fraudulent contractors
  - Be less knowledgeable about their rights as consumers, less suspecting of deceptive sales practices, and more susceptible to fears they will be deemed incompetent to remain in their homes and manage their own affairs

Losses associated with Home Improvement Fraud against older persons (ages 65 and over)



Prevention

- Only deal with legitimate contractors that YOU contact or comes recommended by a friend or family member
- Get a written, detailed quote for repairs to be done prior to any work being started
- DON'T BE AFRAID to call the police if you think you have been the victim of one of these scams
- Statistics show the primary victims of these crimes are older residents, living alone who cannot handle physically demanding repairs on their homes

Prevention cont'd

- Ask to see a certificate of insurance or bonding certificate from your contractor
  - If the contractor is not insured and gets injured on your property, you may be held responsible for the costs of his/her medical bills

Warning Signs to Avoid a Bad Deal

- Calling you by name
- Soliciting door to door
- Saying “doing work up the street” or “was in the neighborhood”
- Claiming has materials left over from another job
- Pointing out house flaws as if he is trustworthy
- Creating a sense of urgency
- Talking fast to confuse you

Warning Signs cont'd

- Telling you he has a deal for you, one day price only
- Requiring payment by cash only
- Requiring payment for the entire job upfront
- Offering you a discount for finding other customers
- Pressuring you for an immediate decision
- Asking to come into your home
- Will not give references or show you a copy of their contractor license

Is it Civil or a Criminal Matter?

- Case Study #1
  - John Doe had entered an agreement with two women who paid him $8k each for concrete work to their homes. They paid him in advance.
  - John Doe cashed the checks but never returned to perform any of the work and disappeared.
  - This is a **CRIMINAL** matter since he took the money and never performed any work or made an attempt to return the money.
  - John Doe was located and arrested and served 1 year in prison.

Civil or Criminal cont'd

- Case Study #2
  - John Doe entered into an agreement with 3 persons and agrees to do concrete work and is paid $2500, $3200 and $1900 respectively. He is paid in advance.
  - John Doe accepts the money and cashes the checks. He returns to the job sites and performs a minor amount of "prep" work for each job. He never returns to complete the work and disappears.
  - This is a **CIVIL** matter because John Doe had performed some work as agreed. Although he did not complete the job, he performed a minute amount of work making this a contract dispute. He cannot be charged with a crime!

Helpful Consumer Resources

- Better Business Bureau www.cincinnatibbb.org
- AARP www.aarp.org
- Federal Bureau of Investigation www.fbi.gov
- Federal Trade Commission www.ftc.gov
- US Secret Service www.secretservice.gov
- Other helpful sites
- Google Internet search engine www.google.com
- Consumer search engine www.consumer.gov