



The Latest Scams Circulating the Consumer World.

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BEWARE OF EXTENDED WARRANTY SCAMS

THE HOOK

Post cards sent through the mail (sometimes even a phone call) from a company called Extended Warranty Services EWS listing your make and model of your car and even listing the Customer ID number. The threat of financial liability is the main hook.



THE SCAM

You receive this post card in the mail with current information about your car. The post card reads: "IMPORTANT VEHICLE NOTICE" for your 2008 Honda Accord (or whatever car you are currently driving). The front of the postcard lists your Customer ID No. and a Deadline Date (usually a very short period of time). On the back of the card it states: "Call Now to Activate your Vehicle Service Contract." Below in bold, underlined words, reads: "**Your Risks: If you choose NOT to take action, you will be FINANCIALLY LIABLE...**" It goes on to say: "**ACT NOW**" you still have time to **ACTIVATE extended out-of-warranty vehicle coverage.**"

Any responsible car owner would feel threatened and motivated to call immediately to avoid losing the warranty protection and avoid the potential financial liability. This is an incredibly scary statement designed to induce one into taking immediate action. It is all the more convincing since it appears to come from the auto manufacturer.

THE WHOLE STORY

The EWS is not an Auto Manufacturer (nor associated with one), but simply a company that has been formed to sell expensive and very limited extended warranties with very little, or no benefit. This company receives personal information by purchasing it from the vehicle manufacturer. By using the words "financially liable", EWS implies that if you don't call and take their extended warranty option you have somehow breached a contract and that you would be financially liable for any repairs to your car.

An actual case was reported to the Better Business Bureau and the Attorney General's office of the home state of the incident. It was reported that an Extended Warranty Service employee called and made a sale by implying that this was the customer's last chance of getting an extended warranty. After receiving some heat on this issue, EWS stated that they fired the employee, and decided to change its name to Endurance Warranties Service. Even with the new name, they continue to stay in business with the threat of financial liability.

THE LESSON

Don't ever be intimidated by threatening language that implies you will have "financial liability" if you don't buy some type of product. Beware of any of these very expensive and usually poor investments, called extended warranties on any product you own. If you are inclined to purchase, first check it out thoroughly through Consumer Reports or some other reputable consumer evaluation service. When in doubt: don't sign up for it. If you happen to come across one of these post cards (or a phone call) that states false and misleading information, contact the Better Business Bureau and your state Attorney General's Consumer Protection Office to report.