

Advance-Fee Loan Scams Easy Cash Offers Teach Hard Lessons

Do you want a loan or credit card, but think you won't qualify? Were you turned down for a loan because of your poor credit history? You may be tempted by ads that guarantee loans or credit cards. Ads like this are everywhere: in your mailbox, around your neighborhood, on radio, television and the Internet. You can't be sure these are good deals, or even legitimate.

If you're asked to pay a fee for the promise of a loan or credit card, it's a scam, according to the Federal Trade Commission (FTC). You will probably get just an application, or a stored value or debit card, instead of the loan or credit card.

Signs of a loan scam.

(1) The lender doesn't ask about your **credit history**. Be very cautious if a lender doesn't care about your credit record. The ads that say "Bad credit? No problem!" or "We don't care about your past" or "Get money fast. No hassle — guaranteed" often come with a scam.

Banks and other legitimate lenders usually check your credit history and the information in your application before they offer you credit.

Watch out if a lender says they won't check your credit history, but they ask for personal information, like your Social Security number or bank account number. They might use your information to take money from your bank account.

(2) **The loan comes with fees that are hidden or hard to calculate.** A scam lender may say you are approved for a loan, but then demand a fee before they send the money. If the lender demands a fee before they give you the loan, walk away, even if they say the fee is just for "insurance," "processing," or "paperwork."

Legitimate lenders **do** charge fees for applications, credit reports or other reasons, but they tell you about the fees **before** you start the paperwork. They usually take their fee out of the money you borrow.

(3) **The lender offers money over the phone.** It is illegal for companies doing business by telephone in the U.S. to promise you a loan and ask you to pay for it before they deliver.

(4) The lender uses a copy-cat name. Crooks use company names that sound like well-known companies, or create professional looking ads. Some scam artists pretend to be with the Better Business Bureau. Others forge paperwork or pay people to act like business references. Before you use a lender, get their phone number from the phone book or directory assistance. Call and see if they are who they say they are. Ask for their business address. If a company uses a PO Box to do business, check their street address too.

(5) The lender is not registered to do business in your state. Lenders and loan brokers must register in every state where they do business.

To check a company's registration, call your state Attorney General's office or your state's Department of Banking or Financial Regulation. Checking registration does not guarantee that you will be happy with a lender, but it helps weed out the crooks.

(6) The lender asks you to wire money or pay an individual.

Legitimate lenders do not ask you to pay for a loan or credit card by sending money to an individual. **Do not** use a wire transfer service or send money orders to get a loan. If there is a problem with a wire transfer you have little chance of getting your money back.

Legitimate lenders do not pressure customers to wire money.

Finding Low-Cost Help for Credit Problems

If you have debt problems, talk to your creditors as soon as you know you can't make your payments.

If you need more help, you can contact a credit counseling service. There are nonprofit organizations in every state that help consumers with debt problems, budgeting, and using credit wisely. Often, the services are free or low-cost. Some universities, military bases, credit unions, housing authorities and branches of the U.S. Cooperative Extension Service offer free or low-cost credit counseling programs.

To find credit counseling in your area, go to the National Foundation for Credit Counseling online at www.nfcc.org or call toll-free: 1-800-388-2227.

Report advance-fee loan scams to the FTC. You can file a complaint at www.ftc.gov or call toll-free 1-877-FTC-HELP (1-877-382-4357).