



GET THE DETAILS ON "TRIAL" OR "SPECIAL" OFFERS

by Texas Attorney General Greg Abbott

AFTER SIGNING UP FOR A "trial" or "special" offer, consumers often contact the Office of the Attorney General to complain about unauthorized withdrawals from their bank accounts. Shocked, they ask why their financial institutions allow debits without the account owner's express permission. More often than not, however, the consumer has agreed to the fund withdrawal under the terms of the offer.

Companies often use special or trial offers as a way to promote their products and services. Their mail, telephone, or e-mail offers often convince a consumer to agree to a small purchase. To make the purchase, the consumer is required to supply a bank account number. The seller uses the account information to perform what is called a demand draft on the account.

Demand drafts are legitimate forms of payment. They are processed like a check with just a name, account number and amount. Demand drafts do not require a signature. Many people use them as a convenient way to automatically pay monthly bills such as mortgages or car payments.

When you are dealing with a reputable business or company that you trust, demand drafts are a time-saving and efficient method of payment. Problems arise, however, when consumers purchase more than they intended. Many

consumers report that their small, "one-time" purchase resulted in monthly drafts to their accounts, sometimes for amounts significantly greater than the original or trial offer.

Many trial offers will turn into a long-term contract unless the consumer cancels the contract within a certain period of time, usually within four to six weeks. In some cases, consumers report that it is difficult, if not impossible, to reach the seller to cancel the trial offer within the allotted time.

If you are considering a trial or special offer, proceed slowly if you are unfamiliar with the business or company. Do not provide financial information to or make purchases from unsolicited contacts. Even if it sounds legitimate, seek independent information about the company on your own, and then contact the company yourself if you are still interested. You should be very suspicious of an offer that is only available if you take it on the spot.

Read the agreement carefully before you sign it. Be sure you are clear on how to cancel the purchase if you decide you do not like the product after trying it.

Anytime you authorize a draft on your bank account, make sure that you understand whether you are authorizing a one-time charge or a recurring charge. If you are authorizing a recurring

charge, confirm the amount of future payments. Initial purchases may be for just a few dollars, but be sure you know the amount you will be charged after the "trial" or "special introductory price" has expired.

Remember that you are protected by the law. Federal law mandates that sellers must disclose conditions associated with their offers and obtain your verifiable authorization before drafting your account. The seller must either get your written authorization, record your verbal authorization, or send you a written confirmation before they debit your bank account.

If your conversation is recorded, the seller must send you the date of the draft, the amount, the payer's name, the number of drafts, a telephone number where the company or business can be reached, and the date that you gave your oral authorization.

If a seller does not comply with these rules, ask for a refund. If you are refused a refund, contact your financial institution and advise them of the unauthorized draft. You may have to change your account number.

If you have a problem with a trial offer, try to resolve it with the seller first. If you are not satisfied with the response, contact your local better business bureau or file a complaint with the Office of the Attorney General.

POINTS TO REMEMBER



BANK OR DEBIT ACCOUNT WITHDRAWALS

- Beware of telephone or online solicitations for your bank or debit account number.
- If you do set up a demand draft, initiate the contact yourself.
- Pay by bank draft only when dealing with a reputable company you trust.
- Know whether you are authorizing a one-time or recurring draft. Verify the amount of future payments on recurring drafts.

To file a complaint with the Attorney General, call:

1-800-252-8011

or fill out an online complaint form at:

www.oag.state.tx.us



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