



Consumer Tips August 2011: What Is Your Consumer IQ?

At any stage in life, it's important to stay informed about ways to protect your money and your credit. How smart of a consumer are you? Take the quiz below to see how smart you are about consumer issues and scams.

1. You receive an e-mail stating that your bank is updating security measures and your accounts will be inaccessible until you verify your account information. You should:

- Provide the requested information immediately.*
- Check for your bank's logo in the e-mail message and if it looks familiar then provide the requested information.*
- Call your bank at a phone number listed on their website or other public source and ask if the e-mail is legitimate.*

2. You co-sign a loan for a relative. If they default, can you be held responsible for the debt?

- Yes, for 100 percent of the debt.*
- Yes, but only for part of the debt.*
- No, as a co-signer you are only a reference.*

3. You receive a credit card offer that carries a rate lower than your current credit card. By signing up for the card you will:

- Probably not save money.*
- Possibly save money.*
- Definitely save money.*

4. You are buying a new car and are tempted by ads to lease instead of buying the car. Is leasing a car always the cheapest way to go?

- Yes, leasing is always less expensive.*
- No, leasing is not a good deal because you won't own the car.*
- Maybe. You need more info than just the monthly payment to decide.*

5. You are making a major purchase and the salesman offers "zero percent financing". You buy now and pay with no interest charges for a year. Is this the best way to pay?

- Read the contract first.*
- Of course. You have nothing to lose but an interest payment.*
- Tell the salesman that it is illegal to lend money without interest.*

6. The only time you can get a copy of your credit report is when you apply for a loan. True or False?

Answers:

1. C. Call the bank at a number listed either on their website or from another public source. Don't call any phone numbers or visit any websites provided in the original email. Banks don't ask customers to verify information by e-mail. Con artists trying to steal your identity do a very good job of creating phony e-mails, and in some cases even phony websites.

2. A. As a co-signer the lender can hold you responsible for 100% of the amount owed.

3. B. The card with the lower rate might look like a better deal, but it could also be a gimmick. Some new cards offer a lower interest rate for only a limited amount of time, and then replace it with a higher rate later. Read all disclosures before signing up.

4. C. You may want to lease, but don't base the decision on the monthly payment. There are also up-front costs, maintenance and repair costs, hidden penalties and end-of-lease costs.

5. A. No interest offers come without strings attached. There might be interest charges if you are late on one payment or don't pay the whole balance in a specified timeframe. Understand all of the terms and penalties before signing.

6. False. You can order a copy of your credit report at any time. It is a good idea to review your credit report annually to catch mistakes by creditors, and also make sure that no one is borrowing on your identity.

The number and sophistication of scams designed to separate you from your money is constantly growing. Remember that while online banking and e-commerce can be safe, it is your job, as the consumer, to stay informed and protect your financial health.

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