

Preventing Fraud Following a Disaster

A disaster can bring out the best in people and the worst in people. If you are the victim of a disaster, you need to be aware that some people may try to take advantage of the situation. The most common complaints following a disaster relate to price gouging and home repair contractors. Identity theft is also a concern.

Price Gouging

Following Hurricane Rita, The Texas Office of the Attorney General received numerous complaints of businesses charging excessive prices for essential goods and services such as rental cars, hotels and motels, building materials and groceries. Anyone who feels he or she is a victim of price gouging following a disaster should report the incident to the consumer hotline at the Office of the Attorney General (1-800-252-8011).

Home Repair

After a major disaster, contractors and others often go door-to-door soliciting home repair work. While many of them are legitimate, honest business people, others are not. The dishonest ones may take your money without completing the job or use inferior materials and perform shoddy work. Before hiring a contractor, do the following:

- ◆ Get more than one estimate. Don't be forced to sign a contract right away. Ask the salesperson to leave a copy of the contract for you to review. Legitimate businesses will be happy to accommodate you. If a contractor uses high-pressure sales techniques to get you to sign right away, take your business elsewhere.
- ◆ Get everything in writing. Cost, work to be done, time schedules, guarantees, payment schedule and other concerns should be detailed. Get and keep copies of everything you sign.
- ◆ Any contract you sign for work on your homestead must contain the following warning next to the space for your signature:
"Important Notice: You and your contractor are responsible for meeting the terms and conditions of this contract. If you sign this contract and you fail to meet the terms and conditions of this contract, you may lose your legal ownership rights in your home.
KNOW YOUR RIGHTS AND DUTIES UNDER THE LAW"

When you sign a contract for home improvements on your homestead, the contractor can legally fix a lien on the homestead. If you sign a contract containing the language quoted above and you fail to make the

payments, the company can take away your home. Therefore, it is extremely important that you understand exactly what your obligations will be under the contract and that you are confident you can meet those obligations. If you have any questions or doubts, consult an attorney before you sign the contract.

- ♦ Ask to see the person's driver's license and/or contractor's license. Write down the license number(s), address and vehicle license plate number. Contact the Better Business Bureau in the person's home community or check online at www.bbb.org to determine whether any complaints have been made against the person. Call your local Better Business Bureau if you need assistance.
- ♦ Demand references and check them out.
- ♦ NEVER sign a contract with blanks; unacceptable terms you didn't agree to might be added later.
- ♦ Never pay a contractor in full or sign a completion certificate until the work is finished and acceptable. Beware of salespeople who say they need to be paid in full before the work is complete.

ID Theft

After a disaster you will need to share your personal information to get relief benefits from government agencies or other organizations, or to get replacement identification documents. Be cautious. Identity thieves may pose as government officials or representatives of government agencies. Ask for identification. When possible, initiate the contact yourself using information posted on official Web sites or in official information centers.

As you work with contractors and others to repair your home, you may be asked for personal information so a credit check can be performed.

Be certain the business is legitimate before you give out your Social Security number and other personal information. If in doubt, do not give your information.

You should examine your bank statements, credit card statements, and other statements closely for unauthorized purchases or withdrawals. About 60 days after the disaster, you should request copies of your credit report from all three major credit bureaus—Experian, TransUnion and Equifax. After a disaster the credit bureaus may not charge victims for their credit reports.

If you believe that someone is committing identity theft against you or may do so in the future, you may want to add an Initial Security Alert to your personal credit report. This alert will remain on your report for 90 days and will notify anyone who reviews your report to take extra steps to verify your identity before granting credit. You need to request the security alert with only one credit bureau. It will automatically notify the other two to place an alert on your file. Be aware that adding an alert to your credit report may prevent you from opening an account unless the creditor is able to get in touch with you and positively confirm your identity and that you are applying for credit.

Additional information on preventing ID Theft can be obtained at www.consumer.gov/idtheft.

References

Texas Office of the Attorney General,
www.oag.state.tx.us.

"Don't Be Victimized Twice—Avoid Disaster Fraud,"
Insurance Information Institute.

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