



SECTION 3. Preventing Fraud

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Preventing Fraud

Financial abuse of a senior is any act involving the misuse of the senior's money or property without their full knowledge and consent. The abuser could be a stranger, but it could be a family member, friend or neighbour. This section of the guide focuses on the five most common categories of fraud experienced by seniors:

- ◆ door-to-door sales fraud,
- ◆ investment fraud,
- ◆ telemarketing fraud,
- ◆ prize/contest fraud, *and*
- ◆ identity fraud.

Why Seniors are Vulnerable to Fraud

Seniors are at increased risk of being targeted by con artists largely because:

- many seniors have substantial savings or assets
- scammers assume that seniors will be more trusting
- seniors often feel they should be polite towards strangers
- seniors are more likely to be home alone during the day

Frauds (or scams) come in many forms. There are over **50** different types of fraud that have been classified and reported in Canada. Being familiar with the common scams will help you be prepared to detect and avoid being a victim of con artists.

FACT

Phone Busters reports that Canadians lost \$24,095,234 in a single calendar year on mass marketing fraud.

A. Know the Common Types of Fraud

Door-to-Door Sales Fraud

How to Avoid

The person at your door seems genuine and will tell you they just happened to be in the area. These individuals will appear friendly and knowledgeable.

They may also tell you they can give you a “special deal” but that you must decide right away. Con artists will offer any service whether you need it or not. It may be for home repair, a service or a product. They may offer “special senior discounts” but end up charging amounts exceeding three to four times fair market prices.

- Ask to see the person's license. Under the *Direct Sellers Act*, door-to-door salespersons are generally required to be licensed and bonded, and to carry this license with them to prove they are associated with a licensed company. These licenses are non-transferable. To help protect consumers, direct sellers must undergo a criminal record check.
- Do not be fooled by con artists. If their deal sounds too good to be true, it probably is.
- Do not feel pressured to sign any contract with them at your door. If the deal is legitimate it can wait a day.
- Do not let the person inside your home and never leave them alone. If you feel threatened ask the person to leave.

TIP

Learn more about direct sellers at:

fcnb.ca/Door-to-door.html

A. Know the Common Types of Fraud

Investment Fraud

How to Avoid

After retirement, you may depend more on your investment income. If someone tells you about an opportunity to make lots of money quickly with no risk, be suspicious and ask lots of questions. For example, a con artist might offer quick profits on an investment that does not really exist. These fraudulent transactions usually claim to be:

- ◆ Highly profitable
- ◆ Totally risk free, *and*
- ◆ Extremely secretive

- Know that the higher the possible return or profit, the higher the risk. If anyone claims a highly profitable investment has no risk or that your profit is guaranteed. **DON'T BELIEVE THEM.**
- If someone offers you a legitimate investment opportunity check with FCNB to see if they are registered. Unregistered activity is a red flag and warning sign.
- If the offer is supposed to be secret, be suspicious. Get a second opinion. It is always a good idea to consult a financial professional before you invest your money.
- Learn more about investment fraud by visiting the Financial and Consumer Services Commission (FCNB) website at: www.nbcs-cvmb.ca/nbsc/home.jsp and check out fcnb.ca/B4U-Invest.html

TIP

Not every investment that doesn't pay off is a fraud. Fraud involves the use of deception to obtain your money or property. If the investment was done in good faith it was not fraud.

A. Know the Common Types of Fraud

Telemarketing Fraud

How to Avoid

Telephone con artists manipulate the information they tell you. They hide information about themselves and tell you lies. They may impersonate a legitimate business to trick you into believing them.

Telemarketing con artists reach a large number of victims on the phone quickly and across provincial and national borders from one location. Millions of people have been defrauded – a large portion of whom are seniors.

- Be cautious of scam artists who claim to represent a charity you are not familiar with. They may say that you need to buy something or pay a fee to win a prize.
- If someone asks for your credit card, bank account information or social insurance number, say “NO” and hang up.
- Do not feel pressured to act or respond.

FACT

According to a Phone Busters report, people over 60 accounted for 84% of the total money lost through prize and lottery fraud.

A. Know the Common Types of Fraud

Prize/Contest Fraud

This scam can take many forms: telephone, mail or internet.

The caller or email says that you have won a valuable prize or free trip but first you must send a payment to cover taxes, transportation, and insurance or legal fees.

How to Avoid

- Be suspicious of any call or email that claims you have won a prize (for example, a free cruise) when you do not remember entering a contest.
- If you really were a winner, you would not have to pay for your prize. Never send any money in advance.
- Remember these callers can be very convincing so always be sure to check it out first.

A. Know the Common Types of Fraud

Identity Fraud

How to Avoid

Identity fraud or theft is when someone uses your personal information to make transactions as if they were you. This includes when someone uses your credit cards, opens new banking accounts or accesses your accounts without your knowing. Identity fraud can happen when someone obtains documents or information from you such as: bank cards, SIN number, driver's license, birth certificate, address, phone number or PIN numbers.

Being a victim of identity fraud can have severe and long term effects.

- It is important to secure any documentation that might give a scam artist your private information. Shred any documentation with personal information before throwing it in the trash.
- The Financial Consumer Agency of Canada advises all consumers to check their credit report at least once a year for signs that you have been a victim of identity fraud. It is free and easy to do and lets you see if someone may have opened up an account or taken out a bank loan in your name.
- If you notice something wrong on the report, call your financial institutions and the credit reporting agency right away.



You should check your credit report annually at both of these companies:

Equifax Canada: www.consumer.equifax.ca/home/en_ca and
TransUnion Canada: www.transunion.ca. You can get a free report by making a request by mail, or you can pay for an on-line report.

B. Tips to Avoid Being a Victim of Fraud

Whether you are dealing with a door-to-door salesperson, telemarketer, email or a letter, **here are some DOs to help you avoid becoming a victim of fraud:**

DO call a friend, relative, or the police before making any decision to send money to someone who contacted you by phone, email or over the internet.

DO call the police and the Financial and Consumer Services Commission to report any suspicious phone calls or activity.

DO continue to ask questions about any offer or promotion until you fully understand the details and any risks involved. If it sounds too good to be true, it probably is.

DO ask the salesperson for references from other customers who live in your area and ask to see his/her license.

DO destroy documents with your personal information by shredding them.

DO keep identification documents (such as SIN cards and birth certificates) in a safe place.

DO check your credit report once a year to confirm all the information on it is correct.

TIP

If you don't know who sent you an email or the person knocking at the door DO NOT automatically trust them.

ASK QUESTIONS!

Here are some **DON'Ts** to help you avoid becoming a victim of fraud:

DON'T believe everyone who calls or emails with an exciting promotion or investment opportunity. Not everyone is really a “winner”.

DON'T give out personal information about your bank accounts, credit cards or address over the telephone or through email.

DON'T send any money unless you have confirmed that the offer is legitimate.

DON'T be afraid to hang up on a telemarketer.

DON'T be afraid to ask for documentation to verify a product or investment.

DON'T be pressured into making a decision. Any legitimate offer or prize will still be available tomorrow.

DON'T pay to win a prize or enter a contest – prizes are supposed to be free.

DON'T carry your SIN card with you in your wallet.

DON'T keep your PIN or other passwords in your wallet and don't share them with others.

If you answer the telephone and think it may be a scam try saying:

“I'm sorry, but due to the large amount of telephone fraud we do not do business or answer surveys over the phone.”

OR

“No, I am not interested. Please remove my phone number from your calling list immediately.”

C. Taking Action

If you are the victim of a fraud, or suspect that someone is attempting to defraud or scam you, you can:

- Report it to your local police or RCMP. Do not be embarrassed, reporting the fraud can help stop it from happening to other people.
- Make a complaint to the **Financial and Consumer Services Commission of New Brunswick (FCNB)**.

If you are an investor or consumer who is the victim of unfair, improper or fraudulent practices, contact the Financial and Consumer Services Commission. It is their job to help protect consumers and investors. Go to www.FCNB.ca where you can click on “complaints” to use their secure online form to make your complaint.

If you prefer, you can download their printer-friendly form. Just provide the requested detailed information and send it to them by email, mail or fax.

FCNB, 85 Charlotte Street, Suite 300
Saint John, NB E2L 2J2
Fax: 506-658-3059 Email: info@fcnb.ca
If you wish to speak to someone in person, call 1-866 933-2222.

- Get information or report a fraud to:

PhoneBusters

Toll Free: 1-888-495-8501

Fax: (705) 494-4755

Toll Free Fax: 1-888-654-9426

Email: info@phonebusters.com

Competition Bureau

1-800-348-5358

www.cb-bc.gc.ca

Email: compbureau@cb-bc.gc.ca

- Report to your bank or credit card provider

If your credit card or banking card has been compromised or stolen let your service provider (credit card company or bank) know. Also, contact your local police or RCMP as soon as you are aware of a theft.

Reporting credit card theft or identity theft to the credit reporting companies makes them aware that someone may try to open a new account in your name.