

Consumer Myths - Part 1

"We use 10% of our brains. Imagine how much we could accomplish if we used the other 60%!"

-- Ellen DeGeneres, comedienne, actress, and writer

American consumers carry a lot of information in their brains. Sometimes, however, we believe something we have heard is a "fact" – when the truth is far different.

A couple of years ago several state attorneys general identified some top "consumer myths." (**Note:** the plural of "attorney general" reflects multiple attorneys, not multiple generals.) Here are five such myths, from a Tennessee perspective.

Myth #1: "I can cancel any purchase within three days."

Fact: There is no automatic three-day "cooling off" period, or right of cancellation, for most consumer transactions.

Certain mortgage loans, such as home equity loans, can be cancelled within three days. Also, you have three business days to cancel a sale if you buy goods or services at any residence (other than the seller's home). You can cancel such a home purchase by sending the seller a written notice postmarked during the three business days.

However, this law does not apply to sales of less than \$25. This means you can't use the cooling off law to decide to go on a diet and return the box of Thin Mints® you bought when the Girl Scouts came by.

Myth #2: "That store has to give me a refund if I ask for one."

Fact: Tennessee laws do not specifically regulate refund or return policies. Each business may set its own return policy, as long as the goods were not misrepresented. Business may decide to give customers cash, credit slips, exchanges, or no adjustments at all.

Myth #3: "I must be a guaranteed winner of big prizes because I received an award notice!"

Fact: Phony prizes offers are one of the most common types of fraud. A good clue that it's a scam is if you are requested to make a purchase, provide

a 'donation,' or send an 'advance payment' of taxes, handling fees, or processing charges. Never send money without checking with authorities.

Myth #4: "My credit report is private, unless I authorize someone to review it."

Fact: Potential employers, landlords, insurers, retailers, and credit card companies may look at your credit report – and many do. You may obtain a free copy of your credit report every 12 months. Go to the only official site that helps consumers get their free reports at annualcreditreport.com or call 1-877-322-8228.

Myth #5: "The lemon law protects me against repeated break-downs on any big-ticket item I purchase – even a used car!"

Fact: Almost all states have lemon laws that help new car owners when there are multiple repair issues, but there is no universal lemon law that applies to expensive or 'big-ticket' items.

Tennessee has no lemon law for used cars. If you buy a car or truck "as is," then you have bought that vehicle's problems. A "guarantee" only counts if it is written. Once you sign the papers, take possession, and drive it off the lot, it's your car – and any problems with it are usually your financial obligation.

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