



Consumer Affairs Tabloid



Keeping you in the “KNOW”

287- CITY

Army Community Service Financial Readiness Branch

February 2009

**Excerpt from the Texas Attorney General.
Steps To Take When A Company Goes Out Of Business.**
www.oag.state.tx.us/agency/weeklyag/2008/1108business.pdf



When a company closes down unexpectedly, its customers often turn to the Office of the Attorney General (OAG) for help recovering down payments and undelivered merchandise. Before filing a complaint with the OAG, however, Texans should take independent steps to protect themselves when a retailer suddenly goes out of business.

The most important step is simple. Customers should always maintain meticulous records of every transaction. Invoices, sales receipts, credit card slips, sales representatives' names and other documentation are vitally important to recovering refunds or merchandise.

Whenever possible, customers should pay for goods only after the products are delivered. If a vendor requires a down payment, customers should try to negotiate the deposit amount and obtain the lowest possible deposit.

Customers contemplating a large purchase should avoid paying with cash and instead use credit cards to make large deposits or purchases. Under the Fair Credit Billing Act and certain credit card companies' chargeback rules, financial institutions can usually provide refunds to customers whose purchases are undelivered.

Before disputing a credit card purchase, customers should attempt to resolve the problem with the actual retailer. Customers should outline their complaint in a certified letter to the merchant and save copies of all correspondence.

For more information click on the web link at the top of this excerpt.

Excerpt from the Better Business Bureau

BBB Advice on Customer Steps to Take if a Retailer Goes Bankrupt

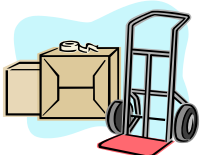
<http://us.bbb.org/WWWRoot/SitePage.aspx?site=113&id=a9d5facf-8d95-4794-b575-d070a2704151&art=7846>

As a result of the declining economy, the number of retailers closing their doors has increased substantially, leaving confused shoppers wondering what will happen to goods they haven't received, gift cards and outstanding warranties. Your Better Business Bureau is offering general advice for consumers on what to do if a retailer closes up shop without fulfilling its promises.

Goods or Services Due

Bankruptcy law is specific regarding who will benefit first in the case of a retailer's liquidation. Unfortunately, customers are at the back of the line. Typically, the money gained from the selling of the company's assets goes to paying back secured creditors, as well as any employee wages, before whatever is left over is divided among customers who didn't receive the promised services or goods.

Customers who paid with credit cards, though, may be able to dispute the charge with the credit card company and get their money back—for this reason, among others, BBB highly recommends consumers pay with a credit card. For the rest who paid by debit card, check or cash, they will need to file a claim with the bankruptcy court administering the process—the deadline is typically 90 days after the filing date. More information on filing a claim, including downloadable forms, is available online at www.uscourts.gov.





Excerpt from the Federal Trade Commission

How to Manage Your Mortgage If Your Lender Closes or Files for Bankruptcy

www.ftc.gov/bcp/edu/pubs/consumer/homes/real2.shtm

If your mortgage servicer files for bankruptcy or goes out of business: It's very likely that a mortgage servicer that files for bankruptcy will sell its assets under the supervision of the bankruptcy court to another financial institution and transfer the servicing of your loan to another company. A mortgage servicer that simply goes out of business probably would transfer the servicing of your loan to another company as well.

How will you know if your loan has been transferred? Read your mail and your email — and pay attention to phone calls and messages that deal with a change of lender, a late payment, or a payment that wasn't received. To avoid a scam, the FTC says, review the notices and call to confirm the new loan servicer before you send a payment.

If your loan is transferred to another servicer: Regardless of the reason for a loan transfer, you should get two notices: one from your current servicer and one from the new servicer. The current servicer must notify you at least 15 days before the effective date of the transfer — unless you got a written notice at your settlement. The effective date is when the first payment is due at the new servicer's address. The new servicer also must notify you within 15 days of the transfer.

If you have an escrow account: An escrow account is a fund held by your servicer. You pay into the fund to cover charges like property taxes and homeowners insurance. Typically, your payments are included as part of your monthly mortgage payment and the servicer pays your taxes and insurance from this fund as they come due. Even if your servicer files for bankruptcy or goes out of business, it is responsible for making the escrow payments in a timely way.



From the Files of Fort Hood's Consumer Affairs Office.

Additional information regarding warranties

Auto Service Contracts (Extended Warranties). Review your contract carefully to see who is backing the warranty. Often independent companies called administrators are responsible. If the administrator goes out of business the dealer may be responsible; if the dealer goes out of business the administrator may be responsible. Whether you have recourse depends on your contract's terms and/or your state's laws.

Warranties sold at a retailer. What courses of action you have if a retailer goes out of business depends on who the warranty is through. Is the warranty strictly through the store or is it through the manufacturer? Service plans are often sold through third parties and not affected. Make sure you read the fine print of all warranties before purchasing a product.

Back issues of the Consumer Affairs Tabloid are available on the Financial Readiness section of the ACS website at www.hoodmwr.com/acs.

Have questions? Contact: melody.squires@us.army.mil 287-CITY (2489)