

CONSUMER ACTION NEWS

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Resources to give buyers a leg up on purchases

By Alegra Howard

The Internet has made product and service research a breeze with the multitude of websites dedicated to helping consumers make informed purchasing decisions. Consumer Action reviewed 38 websites that provide criteria, data and comparisons on everything from checking accounts and financial advisers to washing machines and health insurance.

Some sites are very user-friendly while others offer a somewhat overwhelming array of financial information and analysis. Eight sites are run by non-profits, 19 by for-profit companies, and 11 are managed by the federal government. Many of the non-profit sites provide data to users for free and receive sponsorships, grants or fees from third-party organizations. Government websites utilize public funding and are usually sponsored by a particular government agency. Many for-profit sites that do not charge directly for services or information clearly note that they receive advertising funds or compensation when a user clicks on the site's sponsored products.

All of the websites we reviewed were free for consumers to access, though some sites charge for de-

tailed reports or a subscription. For example, BauerFinancial provides financial fitness reports on individual banks and credit unions starting at \$10, while Carfax charges up to \$39.99 for a detailed vehicle report. The non-profit Consumer Reports posts independent reviews of many household products and provides non-subscribers with some pre-purchase information, but charges a subscription fee (starting at \$6.95 a month) for access to more in-depth reports online. Car shoppers can

turn to the government-sponsored National Motor Vehicle Title Information System (NMVTIS) site to purchase vehicle history reports (starting at \$2) with details about a car's title, odometer reading, and damage (i.e. flood damage or "total loss") and theft

history. (For more, see "Automotive" in this article, at the bottom of page 2).

Banks and credit unions. Of the websites in this category, Bankrate.com, BauerFinancial.com and NCUA.gov (National Credit Union Administration) provide information on banks and/or credit unions' size, services and interest rates. BauerFinancial ranks institutions' financial health with star ratings. Consumers can pay \$10 for a detailed review. For an impressive number of useful articles on financial literacy

WEB BONUS

Dissatisfied with a purchase?

You may have options for recourse, depending on the type of product or service you bought.

Online at: bit.ly/recission

License to protect yourself

By Ruth Susswein

Whether you're looking for someone to repair a dishwasher or build an extension onto your home, you'll want to check to be sure the person or company you're about to hire has the necessary credentials to do the job.

Each industry, and each governing agency or board, uses particular terms to identify the status of the companies and professionals it regulates. Here are some common terms you'll come across when vetting professionals.

A *license* tells you an employee

or company has the proper training, has passed an exam (where required), and has met any other requirements governing that industry (such as not having a criminal record). Hiring a licensed professional typically allows the consumer an avenue of recourse if a problem arises.

A state may also require licensed professionals or tradespersons to be certified, bonded and insured.

Certified means that the professional has met educational, experience and/or testing requirements proving that they are qualified to perform certain tasks. Certifications

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Pre-purchase Resource Guide

Consumer Action's Pre-purchase Resource Guide includes these websites and agencies. Download a free copy: bit.ly/prepurchase.

Banks and credit unions

Bankrate, BauerFinancial, CheckingOptions, Consumer Financial Protection Bureau Consumer Complaint Database, National Credit Union Administration, NerdWallet

Investing

Certified Financial Planner Board of Standards, FINRA BrokerCheck, Investment Adviser Public Disclosure, North American Securities Administrators Association

Credit cards

Card Hub, CompareCards.com, Consumer Action Credit Card Surveys, CreditDonkey, FindTheBest, MyRatePlan, NerdWallet

Energy savings and fuel economy

Energy Star, U.S. Department of Energy Fuel Economy Guide

Broadband and wireless phone service

J.D. Power U.S. Residential Internet Service Provider Satisfaction Study, MyRatePlan, Wall Street Journal's Wireless Savings Calculator

Health insurance

FAIR Health Consumer, Healthcare Blue Book, HealthCare.gov, NerdWallet, New Choice Health

Automotive

Carfax, Center for Auto Safety, Edmunds, Insurance Institute for Highway Safety, Kelley Blue Book, National Insurance Crime Bureau, National Motor Vehicle Title Information System (NMVTIS), SaferCar.gov

General consumer products and services

Better Business Bureau (BBB), Consumer Reports, Consumer World, Privacyscore, Recalls.gov, SaferProducts.gov

The resources were reviewed and compiled between March 19, 2013 and September 17, 2013 by Alegra Howard and Krishna Hegde. Consumer Action prohibits the use of Consumer Action's name or any reference to its surveys in advertising or for any other commercial purpose.

topics, privacy and identity protection, as well as laws governing credit unions, you can visit the NCUA site. However, the NCUA site is more tailored to financial experts. The layperson should focus on its consumer site, www.mycreditunion.gov.

gov, for budgeting tools and tips on how to improve and protect personal finances.

Consumers can turn to the Consumer Financial Protection Bureau's

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Vetting consumer tools

By Monica Steinisch

If information is power, consumers are gaining strength thanks to the Internet. But there's a big difference between quantity and quality. Not all information is equally useful or trustworthy. Before making a decision based on data, ratings and reviews gleaned from the Internet—or anywhere—determine how much confidence your sources merit.

Distinguish tool type

It's important to know whether the information you're getting is objective or if it's gone through an internal filter. Anytime information is analyzed, interpreted, rated or narrowed, you have to do some

extra vetting and decide how much stock you're going to put into it.

There are essentially four types of product (or service) information available to consumers.

Data. Data refers to a collection of facts and statistics. One example of a tool that provides data is Bankrate, which surveys thousands of financial institutions nationwide to provide interest rate and fee information on financial products.

Collections of data such as the Consumer Financial Protection Bureau's (CFPB) public complaint database make it possible for consumers to search for complaints about a financial product or service by company name and sort the

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Consumer Action www.consumer-action.org

Consumer Action has been a champion of underrepresented consumers nationwide since 1971. A non-profit 501(c)(3) organization, Consumer Action focuses on financial education that empowers low- and moderate-income and limited-English-speaking consumers to financially prosper.

By providing consumer education materials in multiple languages, a free national hotline and ongoing financial services research, Consumer Action helps consumers assert their rights in the marketplace and make financially savvy choices.

Advice and referral hotline

Submit consumer complaints to our hotline:

hotline@consumer-action.org
(415) 777-9635 or (213) 624-8327
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(CFPB) public complaint database as a pre-purchase tool. The CFPB is an independent federal agency that regulates certain financial service companies and oversees business practices related to mortgages, credit cards, money transfers, student loans and more. The agency's database tracks consumers' complaints in these and other areas. The complaint category, product or service, company name and the company's general response is posted online. Companies are expected to resolve complaints within 60 days. The website contains video tutorials for organizing the complaint data for personal use. However, so far, the site is more suitable for researchers than consumers. The agency is currently updating the database to improve its usability.

The CFPB website also contains excellent personal finance information and an "Ask CFPB" section that provides answers to consumers' financial questions.

☆ **Standout:** *Bankrate's site stands out for its easy-to-navigate interface as well as its extensive selection of educational articles and tools (loan calculators, rate comparisons, etc.). Its "Ask Bankrate" section allows users to submit questions to financial experts in areas such as bankruptcy, credit and debt.*

Investing. Investors can search the background and conduct of brokers and financial planners to ensure they're hiring sound investment advisers through databases provided by entities and agencies such as the Certified Financial Planner Board of Standards and the U.S. Securities and Exchange Commission (SEC).

Investor protection organization North American Securities Administrators Association (NASAA) provides links to individual states' securities regulators, which monitor and typically provide information on financial institutions and securities brokers and dealers. NASAA offers investment fraud alerts and financial education resources directed toward groups such as youth and the military.

☆ **Standout:** *In addition to its BrokerCheck tool, the Financial Industry Regulatory Authority's (FINRA) site helps investors evaluate risk levels associated with particular investments with its "Fund Analyzer" and "Risk Meter" tools. FINRA also operates a dispute resolution forum, helping investors and parties in the securities industry to resolve disputes through arbitration or mediation (bit.ly/FINRA_arb-med).*

Checking and financial services. Checking account shoppers can compare major banks' fees, balance requirements, and account services and features at CheckingOptions.com. Information is presented in an easy-to-read graph. The site also provides in-depth analysis of the pros and cons of each bank's checking account product.

☆ **Standout:** *NerdWallet's easy-to-navigate site is a one-stop shop for investment accounts, credit cards, checking and savings accounts, and other consumer financial products. The site's tools help consumers find cost savings and features based on their preferences. The site has an "Ask an Advisor" resource that allows users to seek advice and search previously asked questions. It also offers a same-sex couples planning tool, intended to help same-sex couples navigate the*

Learning from others' experiences

SaferProducts.gov, sponsored by the U.S. Consumer Product Safety Commission (CPSC), allows users to search consumer-reported product safety complaints and posts the manufacturer's response. The database is searchable by product, industry, manufacturer, or by the country in which the product was made. (www.saferproducts.gov)

Six federal agencies pool their data at **Recalls.gov** to provide alerts and recall information on consumer products, autos, boats, food, medicine, cosmetics and environmental products (pesticides, for example). Its mobile application, "Recalls on the Go," is available for Android phones. Although the site accepts consumer reports of safety defects, individuals' reports are not accessible to the public. (www.recalls.gov)

The **Consumer Financial Protection Bureau's (CFPB)** complaint database is publicly searchable by product/service category (credit cards, credit reports, etc.), company, complaint type, company's general response and ZIP code. (www.consumerfinance.gov/complaints) ■

financial, tax and legal implications of their relationships.

Credit cards. Each credit card comparison site reviewed allows users to search its database by type of card, type of reward, credit score and consumer's monthly spending.

All of the for-profit sites clearly note their financial relationships with some of the products and services featured. These sites include Card Hub, CompareCards.com, CreditDonkey, FindTheBest, MyRatePlan and NerdWallet. Card comparison sites typically receive compensation when a user clicks on links ("Apply Online," "Buy Online," etc.) to enroll in, apply for or purchase a product or service. Although these financial relationships can influence search results, consumers are able to search according to their own preferences, and results will be delivered in an unbiased manner, or with "paid sponsors" clearly marked as such.

Consumer Action (non-profit) offers an extensive survey of major credit card issuers (2011) and a prepaid card survey (2012). These independent surveys compare card offerings from issuers based on fees, rates, rewards and policies.

☆ **Standouts:** *Card Hub, Consumer Action, CreditDonkey and NerdWallet all provide notable educational articles and user tools. (For our top picks of credit card comparison websites, see Consumer Action's 2012 survey at bit.ly/CC_compare_survey.)*

Energy savings and fuel economy. Consumers can learn the fuel economy of cars by visiting the U.S. Department of Energy's Fuel Economy Guide. Users can make side-by-side comparisons of new and used vehicles that fit their miles-per-gallon designations. This government site contains excellent educational resources, including a "Find the Cheapest Gas" tool.

☆ **Standout:** *Energy Star's energy efficiency ratings of products like dishwashers, washing machines and computers. The federal Environmental Protection Agency (EPA) funds the Energy Star site. These energy efficiency standards vary by industry and involve third-party certified testing annually. The site is very consumer-oriented and easy to use. It has a multitude of articles on energy efficiency, including up-to-date information on tax credits. The site also offers a "Home Assessment" tool to help consumers calculate energy consumption and identify ways to save on energy costs.*

Broadband and wireless phone service. To compare Internet service providers' performance, reliability and cost (by region), check out J.D. Power's U.S. Residential Internet

Service Provider Satisfaction Study. Its ratings are based on the opinions of a sample of consumers who have used each service.

MyRatePlan offers a database for comparing phone service—wireless, landline and business. The wireless service comparison tool provides information on both the service plans as well as the actual devices. The interactive database allows users to easily change and compare plans and devices according to their needs and preferences.

☆ **Standout:** *Most helpful among wireless plan resources is the Wall Street Journal's new Wireless Savings Calculator. Available to non-Journal subscribers as well, the tool asks four quick questions about usage and, based on the user's responses, provides a cost-comparison estimate from four major carriers: AT&T, Sprint, T-Mobile and Verizon.*

Health insurance. A handful of websites compare costs associated with health insurance plans and medical procedures.

HealthCare.gov, sponsored by the U.S. Department of Health and Human Services, intends to help consumers find and compare healthcare coverage options by state when the Affordable Care Act (ACA) goes into effect October 1, 2013. Though it currently provides excellent articles on healthcare decisions for individuals, families and businesses, its Marketplace function, with price comparisons, will not be available until then.

FAIR Health Consumer, Healthcare Blue Book, NerdWallet and New Choice Health allow consumers to compare the cost of specific surgeries and medical procedures performed by hospitals and healthcare providers in their region.

☆ **Standout:** *FAIRHealthConsumer.org excels with its overviews of health insurance plans and costs, including consumer alerts on potential unforeseen costs associated with certain procedures. (A plus sign next to a calculated amount is a cue that a procedure may be coupled with another service for an increased total medical bill.) FAIR Health Consumer and Healthcare Blue Book also offer medical cost comparisons via mobile app.*

Automotive. Car buyers have a variety of resources to help them choose a car wisely. Carfax sells comprehensive vehicle history reports, including information on previous ownership, accidents and service. The website also lists dealers that provide free Carfax reports.

The National Motor Vehicle Title Information System (NMVTIS) provides consumers with links to government-approved vendor sites

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License

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don't always come from government agencies. For example, financial planners are certified by the Certified Financial Planner Board, a non-profit organization that sets and enforces professional standards for the industry.

Bonded means that money has been set aside in an external account to help compensate you in case the company goes out of business or performs substandard work. In some cases, a bond might cover theft or damage. Businesses that are bonded do background checks on employees.

Insured means the company or individual has liability insurance to cover against injuries and damage that occur while doing the work.

Note: Being **registered** (such as a registered investment adviser) does not denote a recommendation or endorsement by the registering agency. Registration typically entails filing forms that reflect a business's activities.

State licensing

The first step in your pre-hiring research is to learn if the professional has a valid license, if required. States license different types of industries to ensure that the job is handled by someone with the knowledge, experience and insurance coverage to do the work.

State licensing boards generally issue licenses, investigate complaints, obtain compensation for consumers, and discipline those who violate board rules. Who sits on these boards can vary. Some state licensing boards are filled with professionals from the same industry the board regulates, while others have a cross section of industry experts and laypeople.

In 1974, Consumer Action released its landmark study of the California Department of Con-

sumer Affairs. The exposé, titled "Deceptive Packaging," revealed that the board of this supposedly pro-consumer government agency was fully comprised of state-licensed tradespeople—the very group it was meant to police. The exposé turned a spotlight on the agency and made it more responsive to the needs of consumers.

Today, California's Registrar of Contractors (under the Dept. of Consumer Affairs) is comprised of five contractors and 10 members of the public, including a building official, a labor representative and a senior citizen.

There are industries and professions that some states regulate that others don't. For example, a home inspector may have to be licensed in one state but not in a neighboring one. Each state handles licensing a little differently.

It is common in many states for these professionals to be licensed: athletic trainers, architects, barbers, contractors, electricians, financial planners, investment advisers, homecare givers, insurance agents, medical professionals, plumbers, private investigators, psychologists, real estate agents, stockbrokers, talent agents, tax preparers and teachers.

Which department regulates a particular industry also varies among states. In California, the Dept. of Consumer Affairs runs the Contractors State License Board (<http://www.cslb.ca.gov/>), which tells consumers how to select a contractor, check for a valid license and file a complaint. In Florida, it's the Dept. of Business and Professional Regulation that is responsible for contractor licensing.

In addition to providing license status, many state licensing departments also offer information to help consumers make wise choices. In Florida, that includes hiring tips broken down by profession, and "red flag" warnings that help

consumers detect unlicensed operators (bit.ly/myfloridalicense). The Maryland Dept. of Labor, Licensing and Regulation (bit.ly/maryland_labor) offers an extensive Frequently Asked Questions (FAQ) section that explains, for example, who's responsible for getting work permits (the contractor) and how to use the state's free mediation program to resolve disputes. New Jersey's State Board of Medical Examiners allows you to review profiles of medical doctors, podiatrists and optometrists to learn, among other things, what languages are spoken at the practice and if there have been any disciplinary actions against a doctor. Your state's licensing boards may offer similar resources that can help you avoid problems.

To learn if a business or professional must be licensed to operate in your state, go online and search for keywords such as "check real estate license Florida." To locate a particular licensing board in your state, google the name of the state and the type of license plus "license board"—for example, "Arkansas medical license board." You can also contact your Secretary of State or Consumer Affairs office for leads on local licensing requirements.

National resources

The information you need on a company or professional may be found in a national database rather than through a state-sponsored website. For example, most state mortgage regulators participate in the Nationwide Mortgage Licensing System's (NMLS) Consumer Access database, which enables consumers to learn if a finance or mortgage company or individual is licensed to conduct business in any of the 34 states that participate (bit.ly/NMLS_access). The database also includes mortgage loan originators employed by banks, credit unions and other federally regulated depository institutions.

There are also national resources that allow consumers to check an investment adviser's license or registration status and professional background as well as investor complaints and disciplinary problems before you invest your hard-earned

money or pay for investment advice.

The U.S. Securities and Exchange Commission's (SEC) Investment Adviser Public Disclosure (IAPD) database allows you to retrieve information on a particular investment adviser firm or individual (bit.ly/IAPD_access).

FINRA's BrokerCheck provides background information on current and former brokers registered with the Financial Industry Regulatory Authority, a trade organization (bit.ly/brokercheck).

The North American Securities Administrators Association will guide you to your state's securities regulator (bit.ly/NASAA_access). ■

Disclosures

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and leases, and virtually all loans except home improvement loans.

Right of rescission

Consumers have the right to cancel some loans within three business days of signing. This right is intended to give consumers a "cooling-off" period—time to change their minds for any reason without losing money. The federal right to rescind, under the Truth in Lending Act (TILA), applies to home equity loans, home equity lines of credit, and refinance loans for existing mortgages with a new lender. It does not apply to purchase mortgages, refinance loans with the same lender, or home loans from a state agency.

The Federal Trade Commission's Cooling Off Rule extends the right to rescind (cancel) purchases and purchase contracts of \$25 or more that were made away from the seller's regular business place—in your home for example. (For more on rescission, see "Dissatisfied with a purchase?" at bit.ly/rescission.)

Laws requiring clear, upfront disclosures about the costs and risks of many larger purchases and loans are designed to help you make smarter financial decisions, but they are no substitute for doing your own due diligence. Invest some time to understand your buying and borrowing options, and ask trusted sources for advice when you need it. ■

Leg up

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that sell vehicle history reports, including information on a vehicle's title, odometer reading, flood damage and historical theft data.

While vehicle reports can go for as much as \$39.99 on the Carfax site, vendors listed on the NMVTIS site sell reports for as low as \$2. Reports from both sites use data from state motor vehicle offices, junk and salvage yards, insurance carriers, rental agencies and police departments.

The Center for Auto Safety (CAS), which helped pass "lemon laws" in all 50 states, and the Insurance Institute for Highway Safety (IIHS) provide information and auto safety ratings by car make and model. Consumers can search for government recalls and investigations, and click a link to find lemon law information by state. (Its annual "Car Book" provides recommendations based on crash safety, insurance premiums, maintenance and repair costs and more for \$28.)

For estimates on a car's long-term insurance costs, search a database of auto insurance claims on the Insur-

ance Institute for Highway Safety's site, supported by auto insurers and associations. Each model's ranking compares its record of insurance losses against those of other cars.

Edmunds offers car buyers the ability to compare new and used cars by make, model or price range, and to use its car appraisal tool, loan calculator and "True Cost to Own" tool, which calculates maintenance costs, depreciation, etc.

Kelley Blue Book reports the value of new and used cars, including a used car's trade-in and private sale values. KBB editors provide great overviews of vehicle pros and cons, driving impressions and favorite features.

The National Insurance Crime Bureau (NICB) allows consumers to run a free VIN, or vehicle identification number, check to see if a car's been reported as stolen or designated "salvage" (total loss) by an insurance company.

☆ **Standouts:** While Edmunds' tools are a standout for car buyers, SaferCar.gov, sponsored by the National Highway Traffic Safety Administration (NHTSA), enables shoppers to conduct side-by-side vehicle safety

rating comparisons. The site also lists child car seat inspection sites, posts articles on vehicle maintenance and damage prevention, and collects consumers' safety-related car complaints. Starting in August 2014, used-car buyers will be able to enter a car's VIN into the SaferCar.gov database to learn if recall repairs have been made.

General consumer products and services. PrivacyScore, sponsored by PrivacyChoice, helps consumers understand online privacy risks. The PrivacyScore database ranks individual websites' privacy protections. The company rates a site's privacy policy and how it handles users' data. The rankings reveal which companies track users while they are visiting a website, and if any privacy issues have been reported. The free PrivacyScore for Facebook app rates popular Facebook apps by how well they guard personal data.

The Better Business Bureau's (BBB) online database allows users to check a business's BBB accreditation status and see if complaints have been filed against the company. Consumers can also use a variety of tools to check out a charitable organization before they donate.

Consumer Reports and Consumer World both provide pre-purchase information on a wide range of products and services, including home appliances and automobiles.

Consumer Reports' rankings and reviews are largely based on its own internal testing, while Consumer World generally links users to third-party websites that cover various consumer topics. Although both sites are free to navigate, Consumer Reports offers only limited access to non-subscribers. A monthly online subscription costs \$6.95; \$30 for a year (\$20 for magazine subscribers).

☆ **Standout:** ConsumerReports.org is a sleek and very user-friendly website. Even non-subscribers can access useful information such as the product buying guides and the "Price & Shop" tool, which tells shoppers where they can find the best prices on specific products. Subscribers can also access the Consumer Reports iPhone and iPad mobile apps for product ratings and reviews while shopping.

For links to all these sites, download a PDF copy of Consumer Action's Pre-Purchase Resource Guide at: bit.ly/prepurchase. ■

Know before you borrow or buy

Pre-purchase disclosures

By Ruth Susswein

Before allowing consumers to enter into certain financial commitments, some sellers and lenders are mandated by law to provide key information to buyers and borrowers. These disclosures are designed to help you recognize the costs and risks before you commit to a transaction. Here are some areas where advance notice is required to help protect you before you seal the deal on a big purchase.

Mortgages

When applying for a home loan, federal law requires the lender to give you a:

- **Truth-in-Lending Disclosure Statement:** Includes the loan's annual percentage rate (APR), the amount of the loan, the finance charge, and the total number of mortgage payments required to pay off the loan.
- **Good Faith Estimate (GFE):** Explains the loan terms and estimated costs of acquiring the loan; the GFE must be provided within three

business days of receipt of your loan application.

- **HUD 1 Settlement Statement:** Details all the charges and credits to the buyer and seller when a real estate sale is finalized at closing.
- **High-cost Mortgage Disclosure:** Spells out the cost of any home loan charging at least 6.5% above the prime rate, and requires no-fee pre-purchase counseling on the risks of a high-cost mortgage (requirement starts January 2014).

Used cars

Dealers must post purchase and warranty details on the car prior to sale:

- **Used Car Buyer's Guide:** Explains whether the vehicle comes with a full or limited warranty or is being sold "As Is," what percentage of covered parts and labor costs the dealer will pay, what mechanical systems are covered under warranty, and the length of the warranty period.
- **Spanish Buyer's Guide:** If the car sale is conducted in Spanish, the Used Car Buyer's Guide must also

be in Spanish.

- **Warranty Disclosure Rule:** Must describe all coverage details of a warranty (see "Warranty disclosure rule" section farther down in this article).

Car leasing

The federal Consumer Leasing Act (Regulation M) governs disclosures about the cost and terms of a car lease (and leases on other personal property). In addition to providing a description of the vehicle, it requires advance notice to the consumer of:

- payment (amount due at lease signing and total payment by lease end);
- monthly payment schedule;
- maintenance responsibilities, other payments, fees and taxes, warranty;
- early termination penalties; and
- option to buy.

Some states, like Washington and New Hampshire, have similar state laws requiring disclosure prior to leasing.

Warranty disclosure rule

This Federal Trade Commission (FTC) rule applies to all consumer products costing \$15 or more that come with a written warranty. The rule requires that a warranty be easy

to understand and state what it does and does not cover, how long the coverage applies, whether resolution includes repair, replacement or refund, how customers can get warranty service, and how state law affects the warranty.

Language disclosure laws

The following states require that contracts for mortgages and, in some states, certain other loans be provided in the language the sales pitch was made in, prior to signing.

- Arizona: Spanish
- California: Spanish, Chinese, Tagalog, Vietnamese or Korean
- Washington, DC: language used for sale
- New Mexico: Spanish
- Oregon: Russian, Spanish or Vietnamese
- Pennsylvania: language used for sale
- Texas: Spanish

California has the most extensive law, requiring businesses that negotiate primarily in Spanish, Chinese, Tagalog, Vietnamese or Korean to give the consumer a written translation of the proposed contract in the same language used during negotiations.

This applies to most business contracts, including mortgages, car sales

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Vetting

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results by category (complaint type, company response, etc.).

Ratings/rankings. Ratings and rankings compare products to other products in the same category using the same criteria. The U.S. Department of Energy's Fuel Economy Guide is one example of a ranking tool: It assigns a GHG (greenhouse gas) emissions rating to each car on a scale of 1 (worst) to 10 (best), enabling consumers to see at a glance how one vehicle performs relative to other vehicles. The ratings are based on objective data collected from laboratory tests conducted according to federal regulations.

Some rating/ranking tools are based on one or more reviewers' own evaluations of a company, product or professional. For example, J.D. Power's U.S. Residential Internet Service Provider Satisfaction Study rates ISPs according to the opinions of a sample of consumers who have used each service.

Directory listings. These tools enable consumers to check the status and background of companies and professionals. Examples include the Certified Financial Planner Board of Standards database, which provides financial planners' CFP® designation status as well as information on

professional background and conduct. The Investment Adviser Public Disclosure database, sponsored by the U.S. Securities and Exchange Commission, provides similar information on investment adviser firms and individuals.

Consumer reviews. One of the most well known examples of a consumer review tool is Yelp. The decade-old social media network provides a forum for both satisfied and disgruntled "Yelpers" to speak their mind about everything from accountants to real estate agents. The company doesn't filter reviews other than to ferret out suspicious posts (in other words, positive reviews written by someone associated with the reviewed business or negative reviews created by competitors). Similar tools include Angie's List and TripAdvisor.

There are also tools that are a combination of types. For example, BauerFinancial ranks banks and credit unions from one to five stars based on objective data it collects combined with its own independent analysis. Consumer Action, too, sometimes mixes objective data with more subjective information—our survey of credit card comparison

websites is an example.

Follow the money

Advertising dollars and pay-per-click (referral) fees are not necessarily a bad thing. That revenue stream is how many online companies stay in business and can afford to make their consumer tools available at no cost to users. The important issue is whether companies are upfront about how they make money so users understand how that might influence the content and presentation (order) of the information they see.

In our Fall 2012 survey of credit card comparison websites, we ran three sample card searches on eight sites. Five of the top six card issuers (American Express, Capital One, Chase, Citi and Discover) showed up in our searches. The sixth, Bank of America, did not. According to the bank, this is because it doesn't pay referral fees for website "clicks." That's not to say that the cards that were offered were not all fine recommendations. But, in this case, if you know that only cards that pay commissions will be included, then you're prepared to supplement the information with other sources—or decide that you're content to choose

Approach consumer review sites with a healthy dose of skepticism.

from a narrowed field of options.

Choosing consumer tools

Before relying on any tool to guide your hiring or purchasing decisions, do your due diligence.

Review information online about the tool and the company that offers it. Check out these sections of a website for pertinent information (names vary from site to site): About, Privacy, Terms of Use, User Agreement, Business Partners, Media, Press and Newsroom. Look for details about the source of the information, how the company makes money, who its partners are, and how it collects and uses information about site visitors.

Search online to see what reporters, bloggers and consumers are saying about the tool.

Combine tools and information sources. For example, if you're looking to hire an investment adviser, search the SEC's Investment Adviser Public Disclosure database, check with your state's securities regulatory agency, and do an online search for both the individual adviser's and firm's name. Ask the adviser for references and check them out. If there are significant negatives about a product, professional or company, you're more likely to dig them up using multiple sources of information.

Approach consumer review sites with a healthy dose of skepticism. ABC-News reported last year that, by some estimates, as many as 30% of online reviews are fakes. How do you spot a purchased or planted review? It's not easy, but Yelp says that truthful reviews often talk about physical space, using specific details. Fakes tend to be more of a narrative, and they incorporate words like "I" and "me" or "my husband/wife" more frequently.

Consumers are better armed to make wise hiring and purchasing decisions than ever before. Take advantage of the wide variety of tools at your disposal—once they pass your own vetting process. ■

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