

CONSUMER ACTION NEWS

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Internet Commerce Issue

Taking care of business online, one click at a time

By Michelle de Mooy

Shopping online, or Internet commerce, has exploded in the last few years. Most people have bought or sold something online, from toasters to cars. For many, e-commerce is replacing traditional ways of doing business, from paying bills and grocery shopping to filing income tax returns.

Note about this issue

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There are two primary types of online commerce: business to consumer (B2C) is the selling of goods and services online by web retailers to web customers. Generally, these businesses have both online and brick and mortar stores, like Target.com, Walgreens.com, or JCPenney.com. Amazon.com is a retailer (or e-tailer) that exists solely online.

One of the fastest growing sectors in online commerce is consumer to consumer (C2C). The Internet has expanded ways for consumers to sell their goods and services directly to other consumers on sites like eBay.com and Craigslist.org.

A new trend in C2C websites connects people who want to help the environment by exchanging and reusing stuff that might otherwise end up in the landfill. It's the online version of recycling and hand-me-



downs. Freecycle.org is a popular site for waste-free exchanges of used goods.

Internet auction sites have created a whole new world of online commerce, supporting a shadow economy of non-traditional buyers and sellers who exchange goods through a global storefront. Auction sites are virtual flea markets full of new and

used merchandise.

Online auction sites are a great way to locate unique items at bargain prices. They can also help you make extra money—or start a new career—by selling items. But there are real dangers in the virtual world.

The Federal Trade Commission receives thousands of complaints

See "Online business," page 6

Make safety first online

By Linda Sherry

In addition to dealing with the same concerns you face at brick and mortar stores, such as bad service, bait-and-switch sales tactics and shoddy merchandise, online shoppers must consider the security of personal or financial information, scams and trickery and privacy protections.

ID theft and phishing

Phishing is an email fraud in which legitimate-looking messages are sent to trick recipients into giving out personal and financial information. Crooks use the information to commit identity theft and make fraudulent purchases in your name.

Most phishing emails pretend to be from legitimate banks, businesses or government agencies. These emails ask you to "confirm" personal infor-

mation such as account numbers or passwords. Often the emails contain click-able links to phony websites that look like real ones. The bottom line is, legitimate companies don't ask for personal and financial information via email.

Some scammers send an email asking you to call a phone number to update your account or claim a "refund." Do not call phone numbers or click on any links provided in the email. If you believe the email is legitimate, independently locate the number of the business from your bill, phone book or 411 directory, and call to verify the message.

Be cautious when opening any email attachment or downloading any files from emails, because these may install programs that harm your computer or transmit passwords and account numbers to crooks.

Forward phishing emails (and other

Online shoppers worry about security

The Pew Internet & American Life Project interviewed 2,400 consumers on their attitudes about shopping online. According to results released in February, three quarters of Internet users like the convenience of online shopping, but worry about the security of their financial information.

- Two-thirds (66%) of those surveyed have purchased a product, such as a book, toy, music, or clothing, online.
- Two-thirds of the people asked have bought or made travel reservations online (air, car rental, hotel).
- Four in 10 of those surveyed use the Internet for banking.
- Seventy-five percent of Internet users do not like to provide credit card or personal information online.
- More than 50% of those surveyed admit they have been frustrated, confused or overwhelmed by the information that is available when researching or shopping online. ■

suspicious emails) to the Federal Trade Commission at spam@uce.gov and to the company being impersonated.

Victims of phishing can become victims of identity theft. Identity theft is a crime in which crooks steal

Social Security or driver's license numbers, and other personal information, to impersonate the victims. Thieves obtain credit, merchandise, and services in the victim's name, or hide behind the victim's identity

See "Safety first," page 4

Consumer Action

www.consumer-action.org

Consumer Action is a non-profit 501(c)(3) advocacy and education organization founded in 1971. We publish surveys and distribute multilingual educational materials in printed form and on the Internet.

Consumer Action provides nonlegal advice and referrals on consumer problems. Chinese, English and Spanish are spoken.

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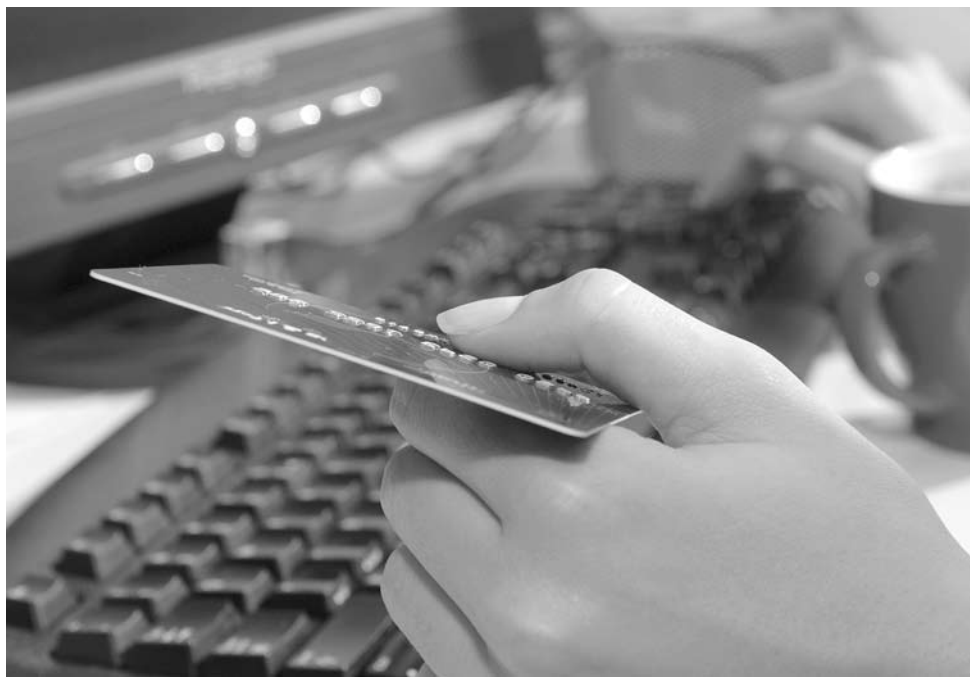
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It's safe and easy to pay online if you know the rules

By Ruth Susswein

With just a click, you can purchase almost anything you want online these days. But is it safe to share your credit card number and personal information online? How can you tell if a website is secure?

To start, the site should use encryption to scramble your private information. To check if a site is secure, look for an "s" after http in the address bar, or a closed lock or unbroken key displayed in the browser.

Before you buy, find the company's customer service phone number so that you can reach them in case of a question or problem.

Legitimate online sellers will send you a confirmation email, or receipt. Print it out and save a copy until the product warranty runs out.

TIP: Create secure online passwords by combining upper and lower case letters and numbers.

Trustmarks

According to recent research, 83% of online shoppers say they are concerned about sharing personal information online. Even more worry about fraud.

To feel more confident, look for a seal of approval, or trustmark, on the websites you shop with. The trustmark is a way for an online store—or "e-tailer"—to prove its credibility online.

Verisign.com is a trustmark that ensures shoppers that the site uses encryption for safe payments.

Truste.org provides a seal of approval for sites that are privacy conscious and have ethical online business practices. Under its buySafe program, Truste guarantees your purchases with a bond.

BBBOnline also has a reliability seal that stands for ethical business practices.

Credit vs. debit

Once you're ready to buy, paying by credit card is the safest way to shop online. Under the Truth in Lending Act (TILA), you are liable for only \$50 of unauthorized or fraudulent

purchases. Many cards today offer "zero liability" which means you won't be charged any amount.

If you pay with a debit card the rules are very different. Debit cards electronically deduct money from your checking account. Debit purchases fall under the Electronic Funds Transfer Act, and you could be liable for unlimited losses if you don't act quickly.

If you report debit or ATM fraud within two business days of learning of the loss your liability is limited \$50. It jumps to \$500 if you report it within 60 days, and the loss is unlimited if you don't report it until more than 60 days have passed.

If someone steals your debit card and uses it, your bank account could be wiped out. When you pay by credit card, it is the lender's money on the line, not yours.

You also have greater protection with a credit card if you run into a billing dispute. If an e-tailer bills you for the wrong amount or does not deliver the item, you have the right to dispute the charge and not pay that portion of the bill while the creditor conducts an investigation.

According to the Fair Credit Billing Act, the dispute must be resolved within 90 days. If you have a dispute involving the quality of a product, paid by credit card, you have some rights to dispute the charge if the item was purchased within 100 miles of your home (and is for more than \$50) which would disqualify many online purchases.

Debit card billing error resolutions are not as protective. You must notify the bank of the mistake within 60 days. Banks are required to investigate and correct the error or give you a "provisional credit" within two weeks, while they have up to 90 days to investigate.

Debit disputes over items not being delivered may be covered by the Mail and Telephone Order Merchandise Rule or by your debit card issuer (Visa, Mastercard), but complaints involving quality of goods or services have no protections with a debit card. Also, debit card disputes

involve money removed (debited) from your bank account, which is far different than disputing a bill you've yet to pay.

Tip: Use one credit card for online purchases. You can track your shopping and limit any problems to one card.

Alternatives to credit

About a third of top e-tailers offer other online payment options like the free online payment service PayPal.com. You can securely store your credit, debit, or bank account number with this company but keep the details off the Internet. At checkout, choose Paypal and the transaction goes through its encrypted system. You can also transfer funds between PayPal account holders. PayPal also offers payment by cellphone at mobile.paypal.com, or a one-time-use credit card called the Secure Card.

PayPal (owned by eBay) encourages users to "get verified" by linking a bank account or credit card to your PayPal account. If you are not verified the number of PayPal payments you can make may be restricted.

BillMeLater.com is another payment option. If you choose this service at checkout, BillMeLater does an instant credit check and gives you a credit line based on your credit score and income. You can defer payment, interest free, for 90 days, and at some e-tailers, up to six months.

To receive this credit "speed pass" you'll need to provide your name, address, phone number, date of birth, and the last four digits of your Social Security number.

Online payment service ebillme.com is free and does not require you to share any financial information. You choose ebillme at checkout and the bill is sent to your email. You can pay the ebill online through your bank. This service offers price protection and a money back guarantee on "eligible" purchases of up to \$500. With ebillme, the merchant pays the service fee, not the consumer.

Virtual card numbers

One way to add a layer of security to online shopping is to use a random 16 digit number linked to your Visa or Mastercard account. Charges then appear on your regular credit card bill.

Citibank, Bank of America and Discover offer virtual account numbers, but American Express dissolved its program because of lack of customer interest.

While setup involves some work, virtual numbers can be useful when you shop online with unfamiliar companies.

Disputes can be murky

Dispute protections are less clear when using a third party payment service. PayPal promises refunds for any unauthorized charges. However, if you have a problem with an item and want your money back, you may not have the same rights you'd have if you used another credit card. PayPal

See "Paying online," page 5

Let your mouse do the walking and comparison shop online

Many sites offer user reviews to help you choose products wisely

By Ruth Susswein

Gone are the days where you drag yourself from shopping center to mall to be a smart shopper. With the click of a mouse you can compare price, features, and even get valuable user reviews.

“As consumer advocates, we frequently advise people to compare prices before buying,” said Linda Sherry, Consumer Action’s director of national priorities. “This is especially important on big ticket items, where the price difference can be significant.”

Shopping online can save you time and money if you start out with a good idea of what you want to buy. With gas prices what they are, you can save a bundle just by staying home to shop.

There are search engines, called shopping “bots,” that will save you time by scouring the web hunting for the best deal. One such service, Shopzilla.com, surveyed shoppers during last year’s holiday season and found that an average trip to the mall takes up five and a half hours of your time.

Shopping ‘bots’

Instead of pounding the pavement, shopping bots are easy on the feet and free to use. These search engines gather price and product information. You don’t buy from the bots; you use them to comparison shop. Some of these search services, like Shopping.com or Shopzilla.com, list items from tens of thousands of stores. You can search by product and compare price, features, shipping costs, and ease of use.

Some shopping bots like MySimon.com and PriceSCAN.com focus on price comparisons, while others combine user experience. PriceGrabber.com allows you to sort by product rating or price, plus it offers consumer reviews and info on return policies. PriceGrabber’s “bottom line price” includes tax and shipping. It also offers a feature called “price alert” which allows you to post the price you want to pay and sends you an email if a match is found.

Consumer feedback

Possibly the best feature of the shopping bots are customer reviews. Some provide access to Consumer Reports but most items are evaluated by site users. They can warn you about a product’s weaknesses or clinch the deal with a rave review. Shopping.com uses Epinions.com for its consumer reviews. If you join Epinions you can post your own review as well as learn from others.

Once you’ve compared items and are ready to buy, you’ll click a link to the e-tailer’s site to make the purchase. But before you finish the order be sure you learn what the company’s return policy is and who pays any

shipping costs. (See “Return policies.”)

Tip: *When using shopping bots click through to the merchant’s site to confirm that the posted price is still valid. Also check with the e-tailer to see that shipping costs are real, and not just estimates, especially if the merchant is overseas.*

Top billing

Be aware that e-tailers listed at the top of the bot screen may have paid for that placement. PriceSCAN.com is one bot that does not sell its space. PriceSCAN lists the lowest price first, but at other sites it’s not always clear whether a company paid for top billing. One way to know the merchant is paying is by looking for the words “featured merchant.” The items may still be worth checking out, but they may not be the best deal just because they were listed first.

Tip: *Shop smartly without eating up too much time by sorting the information by price. Many comparison sites offer this option.*

Coupons

Some shopping search sites (PriceGrabber.com) have a coupon section that’s worth visiting before you buy. You can also visit coupon sites like Couponcabin.com, a free service that combs the Internet and collects coupons. Listings are updated three times a day. You can also post and receive money saving tips. When you’re ready to buy, click on a coupon to go to the online store and claim your savings at check out by typing in a coupon code. Be sure the discount is applied before submitting your order.

Ebates.com requires you to become a member to earn coupons, and cash-back rewards (up to 25% off) at its 800 participating stores.

CouponMountain.com lets you hunt by store or by coupon type. You can enter a specific item and price, and you’ll be alerted if a match is found.

FatWallet.com lists deals and coupons by company and expiration date. It’s also known for its user forums where other shoppers can tip you off to steals and deals or warn you if a company is out of business.

Tip: *For those sites that offer paper coupons you may only get one shot at printing (to avoid fraud) so make sure your printer has ink.*

Discount sites

According to Money magazine, Overstock.com remains a good site for deals. This discount e-tailer is known for selling the extras that other retailers have in stock, but at a better price. You can do especially well if you are not set on a particular



model or manufacturer. Shipping on all orders is just \$2.95 no matter what you buy.

SmartBargains.com calls itself your “personal bargain hunter” and offers a 30-day money back guarantee return policy.

Auto sites

Some sites specialize in car sales. Edmunds.com offers local price comparisons on new and used cars, plus reviews by Edmunds and consumers. It also offers buying advice such as its “True Cost to Own” system that spells out what each model will cost

over time and compares the cost to similar models.

Vehix.com allows you to search for new and used cars in your area and also offers a comparison tool

to contrast features, performance, and safety. Based on features, it will calculate a car’s trade-in value for you. VehixTrader.com offers information and online classified ads to buy or sell used cars. It allows sellers to post an ad free for seven days. AutoTrader.com boasts 3 million car listings by private and retail sellers.

At LocalCarPrices.com you select a new vehicle, provide your zip code and receive three local price quotes, with no obligation to buy.

Return policies

Buying online requires a certain level of trust. If a store has a reasonable and clearly posted return policy, you can take it as a sign that this e-tailer may be worth doing business with.

Here’s what you need to know before you buy:

- Will you receive a merchandise credit or a refund based on how you paid (credit or debit)?

- Does the merchandise credit expire? How long does it last?

- Are there return limitations? Must you return the item within 30 days, in its original packaging or are some items exempt from returns, like DVDs?

- Is there a restocking fee? How much?

- Who pays for shipping on returned items?

- Is the policy posted on the site? (Print it out in case you need it.)

Some companies use a firm called TheRetailEquation.com to track customer returns. It reviews your return history, the dollar amount and the time between the purchase and your last return. Some businesses limit returns as a fraud fighting tool. They may deny you a refund if you’ve gone over the undisclosed limit. Denials are typically based on the frequency of returns and dollar amounts.

You can ask for a copy of your return history file and can dispute inaccurate information. The Retail Equation says it will correct the file if it’s wrong. The company does not share data between e-tailers, nor does it sell any customer information. You can send an email to ReturnActivity-Report@TheRetailEquation.com.

Sales tax online

Generally Internet shopping is sales tax free but here’s the catch. If an e-tailer has a physical store in your state, it is required to charge you sales tax. Sales tax makes up about one third of all state revenue for local police, fire, schools, etc.

According to the self-help legal publisher Nolo Press, consumers are officially required to pay sales tax—even if the store doesn’t collect it—for those in-state online purchases. Then it’s called a “use tax.” Efforts are underway to simplify the sales tax issue in as many as 40 states. ■

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On some comparison sites, items listed first in a search may not be the best deal.

Every move you make...

By Ruth Susswein

Imagine someone, with a pen and pad, following you everywhere you went, keeping track of your every stop, every purchase, everyone you spoke to. This does actually happen online today, without us even knowing it.

Online advertisers, e-tailers and Internet providers track our shopping habits using “cookies,” an online tracking system that attaches bits of code to our Internet browsers to track which sites we visit as we search the web.

“Persistent” cookies remain stored on your computer while “per-session” cookies expire when you turn the browser off. Online merchants use cookies to recognize you and speed up the shopping process the next time you visit. You may be able to set your browser to disable or refuse cookies but the tradeoff may limit the functions you can perform online.

Privacy advocates worry that as more and more data is compiled about us—without our knowledge or active consent—it will be combined to reveal our actual identities. This data is often collected to help sell us things. There are a number of companies that specialize in targeted online advertising called “behavioral marketing.” Companies say consumers benefit by being exposed to more targeted advertising and e-tailers can make more money more efficiently by targeting the right shoppers.

For example, you buy a book on golf from Amazon, visit the Professional Golfer’s Association site, purchase golf shoes at Zappos.com

and search online for golf courses near your home. When you do, your computer’s Internet Protocol (IP) number could be used to generate golf-related ads. When you open the USA Today site to read your morning news, you may see an ad offering you a new set of clubs. When you go back to Amazon later that day you might be offered a biography of Tiger Woods.

What if your behavioral marketing profile is shared with others, without your permission? You might not care if a drug company shares your prescription drug information with a coupon service to save you money. But what if that same Rx information got into your employer’s hands and made your health insurance coverage more expensive?

The Federal Trade Commission (FTC) is currently examining behavioral marketing and its potential for abuse. Consumer groups, including Consumer Action, have asked the FTC to require companies to get consumers’ permission (opt-in) before collecting or sharing any personal information about them, such as their computer’s IP number. Many of these groups also recommend creating a “Do Not Track” list for those who do not wish to be followed online, patterned after the widely used Do Not Call list. (See page 8.)

Online privacy

While we can’t control all the information that is electronically shared about us, we do not have to surrender all privacy privileges.

Buried in the privacy policies and terms and conditions sections of many sites are clues to how vendors



intend to use your information. Some promise not to link identifiable information to your surfing or shopping activities, others insist they will not share your personal information without your permission. Often you are given the opportunity to “opt-out” of information-sharing with third parties by contacting the company. In most cases, businesses retain the right to share your information with companies that provide them with business-to-business services such as billing or bookkeeping.

Many consumers mistakenly believe that they are protected if a company has a privacy policy. Click on the privacy policy and read the fine print. Often you’ll find out that a company intends to share your information with affiliated companies, marketers, mailers, advertisers and others. Depending on how you choose to pay, your information may also be accessible to banks, credit bureaus, etc.

Opting out

You can opt-out of some informa-

tion sharing or choose to do business with a company that has a more restrictive privacy policy. Look for privacy seals like TRUSTe or BBB Online, which mean that a company meets high privacy standards.

The Network Advertising Initiative (NAI) has a “one stop” tool that allows you to opt-out of targeted behavioral advertising by its member networks. (Not all online advertising firms belong to NAI.)

Go to www.networkadvertising.org, where you can check which ad networks have placed a cookie on your hard drive, and then submit opt-out requests for each network you prefer not to be targeted by. This must be done on all the computers you use, as it is computer specific.

Opting out of an advertising network does not mean you will no longer see online advertising when you surf the web. But the network you opt out of will no longer deliver ads based on your web preferences and usage patterns. ■

Safety first

Continued from page 1

when committing other crimes.

While you can’t always protect yourself from ID theft, you can take steps to minimize the risk. If an identity thief has opened credit in your name, the accounts are likely to show up on your credit report. You may catch the crime early if you order a free copy of your credit report from all or any of the three major credit bureaus. Order free annual credit reports from Annual Credit Report (www.annualcreditreport.com).

Online security

Many computer users have high speed Internet connections that, like the doors of your home, must be locked to keep out intruders. To avoid damage to your computer and security breaches, use firewall, anti-virus and anti-spyware software and update them regularly.

Anti-virus software scans incoming emails and attached files. A firewall helps make you invisible on the Internet and blocks access from unau-

thorized sources.

Security software must be updated regularly to help protect against the latest threats—most systems, such as Microsoft or Apple, will update automatically unless you change the settings on your computer.

OnGuardOnline.gov, an FTC website, has lots of information on security software, firewalls and other ways to protect your computer and your personal information.

Turn off your computer when you are not using it. A computer that is connected to the Internet all the time may be vulnerable to crooks who want to remotely control your machine.

Keep your user names and passwords a secret. Choose strong passwords that are a combination of letters, numbers and characters.

Shared computers

Take precautions if you use a public Internet cafe or a shared computer to send email or surf the web. Don’t use public computers to access your bank, credit card or brokerage accounts or to enter personal or financial information. These comput-

ers may be infected with programs that “log” your keystrokes and steal passwords and account numbers as you enter them. Log out of your email program or instant messaging accounts before you leave public or shared computers.

Remember, email is not a secure method of transmitting financial or personal information. Never send account numbers or personal details about yourself this way.

Fake check scams

This is a growing scam in which someone contacts you to buy something you have offered for sale, to propose a business deal or to notify you that you have won a lottery or other award. The scammer will offer to send you a cashier’s check (or money order) and ask you to wire a portion back. Crooks give many creative excuses for this request—don’t fall for any of them. The cashier’s check or money order is counterfeit and will be returned for insufficient funds. You will be left responsible for any money you sent the scam artist—and, if a sale of merchandise is involved, it will be gone, too.

Health care items

Some health care items on auction sites—such as baby formula, pain killers, allergy medicine, eyedrops and cosmetics—may be harmful to your family’s health. According to the National Retail Federation, much of the merchandise may have been stolen, be out of date or have been stored in ways that cause it to spoil.

Many websites offer prescription drugs without a prescription. The risk is that without a doctor’s prescription you can’t be sure that the drugs are safe.

Before you order drugs online, check with the National Association of Boards of Pharmacy to determine if the websites are licensed pharmacies (www.nabp.net; 847-698-6227). Look for a U.S. address and phone number you can contact if you have a question or problem. Ask if the site provides a licensed pharmacist who can answer your questions.

If you suspect a site is illegal, report it to the FDA using its online reporting form (www.fda.gov/oc/buyonline/buyonlineform.htm). ■



Mobile commerce makes an appearance in the U.S.

By Ruth Susswein

Cellphones that can browse the web and make purchases give the term “impulse buying” new meaning.

Mobile commerce (m-commerce) is the newest way to shop. Just ask teenagers, who are typically early adopters of any new technology. Prevalent in Europe and Japan, m-commerce lets you shop using a cell phone or PDA (personal digital assistant).

More than half of 18-29 year olds use a mobile phone instead of a landline and most young teens communicate by text messages rather than email, making them ripe for mobile sales.

Ring tones for sale

Early signs of m-commerce in this country include telecommunications companies that sell ring tones and screensavers to wireless phone users and add the charges to cell phone bills.

Big e-tailers are taking note of the trend. In early April Amazon.com unveiled TextBuyIt, a shopping service that allows consumers to send a text message to Amazon with the name or UPC code of the product they want. Amazon responds with matching products and prices, each with a single-digit number alongside it. Customers who have payment information on file with Amazon can buy items by responding with a text message containing that number.

So far, U.S. shoppers tend to use their mobile phone to check prices or find products rather than to pay for items. Many young people use their cell phones to search for something they want to buy and then forward that information to friends for opinions or pre-approval.

What's in stock?

There are online mall search engines like NearbyNow.com where you can browse in any of its 192 member malls by Internet or mobile phone. After searching a mall for just the right item, you can reserve it online.

It can save time and gas to know that the store has just the color and size you want. NearbyNow notifies you by email or text message within minutes if the item is available.

Slifter mobile also helps shoppers find items in their local area via wireless phone. You send a text message, requesting a certain product in your zip code and Slifter sends you a text message with the names of local stores that stock the item. You can purchase the product directly from the store.

You may also create a favorites shopping list that can be shared with others.

TIP: Some stores don't make their full inventory available by mobile search.

Slifter.com is free, but before you rack up a hefty phone bill check how much your cell phone company charges for data services. (If you

Data breaches are growing common

The more information that is collected about each of us, the more likely it becomes that data breaches will occur. One and a quarter million records were compromised in the U.S. in 2007, according to the Identity Theft Resource Center (www.identitytheft.org). That's six times the number revealed in 2006.

This year, personal information from 650,000 JC Penney customers and other retailers were put at risk of identity theft when a computer tape went missing. In 2007, close to 100 million credit and debit card numbers were exposed to potential fraud when hackers intercepted wireless transmissions from TJ Max and Marshalls, popular national chain stores.

At many online retailers, you can opt to “save” your credit card or debit card number so that when you return to make another purchase, check-out will be easier. However, consider entering your payment information each time you visit, instead of storing it, to limit the chance that anyone who breached the retailer's system would get your account number.

In the future, we may see more companies opting not to keep your credit card number on file, so that they can avoid liability for data breaches. ■

plan to use data services a lot, you can purchase discounted usage plans from your provider.)

Hit send to pay

Most shoppers still head to the store for the final purchase, but some sellers already make it possible to make purchases using your wireless phone. Companies are still working out the kinks to make mobile purchases a smoother process. But despite its unfamiliarity, some estimates predict that \$500 billion in mobile commerce sales will be made this year.

Mobile malls

Online shopping mall mPoria.com offers access to e-tailers like Buy.com and GameStop.com. It says it offers hard-to-find products at discount prices. mPoria recently added a “Go-Lo” feature, in which prices for electronics, clothes etc. drop every few minutes until items sell out.

Digby.com is a free m-commerce shopping service that you download to a BlackBerry PDA. Digby speeds you through gift purchases by allowing you to link your calendar and address book to its system without having to enter the recipient's address.

You place your order through Digby but you'll receive purchase confirmation and a receipt directly from the store via email. You must store your credit card number on your BlackBerry for Digby to expedite your purchases.

Looking to save extra bucks while you speed shop? Cellfire.com offers

mobile coupons stored right on your cellphone. You sign up and pick the coupons you want. When you're ready, press “use now” and store or restaurant applies the discount.

Consider your privacy

With any sales or marketing service, you should read the privacy policy. Cellfire's privacy policy reveals it may share information about users, such as name, phone number, gender, email address, ZIP code, and even location if your cellphone provides it, for marketing purposes. The fine print states that the company may share your information under contract with affiliated companies, ad agencies and consultants.

Purveyors of m-commerce services hope consumers will be lured by convenience. Young shoppers, who often set the trends, seem to value the ease and speed of buying by cell.

The industry is in its infancy in the U.S. and it's unclear how existing consumer protections will work in this arena.

In Europe and Japan, wireless-phone based payment systems have been developed to allow m-commerce shoppers to pay for purchases, transportation and subscription services. These can rely on RFID (radio frequency) tags that transmit payment information to the user's mobile phone bill or to a prepaid debit account.

Consumer Action is continuing to follow m-commerce in the U.S. and will keep our readers updated on new developments and cautions. ■

Paying online

Continued from page 2

requires that you file a complaint with PayPal or with your card issuer, not both.

More ways to pay

BillMeLater has a no-fault policy, or zero liability, for fraudulent charges. But it's not clear if you are entitled to the same chargeback rights you have with a credit card.

Want to buy your friend's comic book collection and pay online? Maybe you owe your roommate half the rent, or you need to pay your brother back for dinner.

RevolutionMoneyExchange.com is a free way to transfer money between individual account holders. It lets you repay friends or family directly without sending a check or withdrawing cash.

You link your MoneyExchange (ME) account to your bank account and load money into your ME ac-

count (which takes a couple business days) and use it to send money to others' accounts. Later this year Bill2phone will offer these services via mobile phone.

eWalletXpress.com is another payment service in which you link your checking account to your “ewallet” account and access up to \$750 a month to pay some online merchants. There is a \$1.50 per payment fee to access your funds instantly from eWalletXpress. ■

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CONSUMER-ACTION.ORG/JOIN/DONATE

Online auctions: Buying and selling in cyberspace

By Michelle de Mooy

Online auctions have dominated Internet shopping since they first arrived with the birth of eBay in the early 1990s. Online auctions connect buyers and sellers, allowing them to communicate in a bidding process over items for sale. Many people are drawn to online auction sites because they allow you to buy items at discounted prices. And they offer a chance to sell some of your unneeded or unwanted possessions to raise extra money.

For the most part, online auction sites are a safe way to exchange goods. But it makes sense to be cautious and aware.

The first step in safely using an online auction site is to read the terms of use, which will outline key issues such as whether or not the seller or the site is responsible for any problems that arise. For instance, some sites require a seller to pay a fee every time they auction an item, whether it sells or not. Some auction sites only charge when the item is sold.

Learn a site's return policy, as it may be difficult to return merchandise bought at auction. It's critical to check the policy, because you may be required to follow the seller's refund policy, rather than that of the auction site. For example, are you able to return the item for a full refund if you aren't satisfied?

Once a consumer has agreed to a price with a seller, the buyer and seller arrange for payment and delivery of the product. Successful bidders can usually choose among several payment options, such as credit card, online payment service, debit card, personal check, cashier's check, money order, or escrow service.

Beware of bogus offers

There are a few red flags that might help identify a bogus seller or buyer. If a seller requests payment in cash by private courier, or by check or money order through an overnight delivery service, you have a right to be suspicious. This could signal an attempt to commit fraud by taking your money without delivering the merchandise.

It always makes sense to pay by credit card because you'll have an option to seek a credit from the credit card issuer (also known as a "charge back") if the product isn't delivered or isn't what you ordered. (*For more information, see "Paying online," on page 2.*)

To protect both buyers and sellers, some auction sites prohibit the use of wire transfers as a payment method. The Federal Trade Commission recommends that buyers do not pay by wire transfer because if something goes wrong, you are left with no refund and no recourse.

Another popular way to pay at auc-



tions is with online payment services, such as PayPal. In this scenario, the buyer and seller set up accounts that allow them to make or accept payments. Buyers provide payment information, like bank account or credit card numbers, and sellers give information about where payments should be deposited. Some online payment services offer protection if the seller doesn't ship the goods. (*For more information, see "Paying online," on page 2.*)

Sellers can be scammed too. Fake check scams are the most common problem, although they can be avoided by not accepting checks, especially cashier's or certified checks, as payment, and by waiting to ship the goods until you get your payment in a reliable form.

If a buyer offers you a cashier's (or certified) check for more than the amount of the item, and asks you to wire them the excess amount, don't

do it. This is a classic example of a fake check scam.

If you encounter a problem with a buyer or seller at an online auction site, such as eBay, it's important to report the problem to the site right away. You are probably not the only person being taken advantage of and you could help shut down illegal or unethical sellers by alerting the site to the problem.

File a complaint

You can also file complaints with your state Attorney General's office, consumer protection agency, Better Business Bureau (www.bbb.org), or the Federal Trade Commission (ftc.gov or call toll-free, 877-382-4357).

Visit Consumer Action's online Help Desk (www.consumer-action.org/helpdesk) for links to help you find your state and local authorities. ■

Online business

Continued from page 1

about online auctions every year. For buyers, most complaints are about late shipments, no shipments, or the quality of the product. Others complain of bogus online payment services, and fraudulent dealers who lure bidders from legitimate auction sites with seemingly better deals. There are pitfalls for sellers as well. (*See the article at the top of this page about how auction sites work.*)

Online banking

Banking online is going mainstream, despite fears about security. Most banks provide free online account access and encourage customers to conduct traditional transactions online, such as reordering checks, changing an address, transferring funds and paying loans.

Many banks offer online bill payment. It allows you to automate paying your bills from your bank account. This can be convenient for people who want to save time writing checks, buying stamps and mailing payments.

Bill paying online

Banks try to make online bill paying easy. Bank of America, for example, lists thousands of com-

panies that might be on your pay list. You can see if the firms you pay regularly accept electronic payments from your bank, which cuts down on lead time.

If the vendor you're paying isn't set up to receive online payments, you face one drawback of using online bill payment because it takes longer to process payments. In this case, the bank has to create and mail a paper check, which takes several more days than an electronic payment.

Even when you're sure that the merchant accepts online payments, send payments a couple days early to avoid a late fee. (If you follow your bank's suggested lead time, usually it will reimburse you for late fees if your payment is delayed.)

Banking online allows you to have more immediate control of your money, giving you the ability to check balances and review several months of transactions without having to dig up paper statements.

The benefits of online banking are clear, but it's wise to take some precautions.

Find out how your bank handles the security of its online transactions, if it has had any serious security breaches, and what its policy is on customer liability for identity theft.

Tip: Protect yourself when you bank online. Print out a hard copy of every transaction you make. In the

event of errors or theft, this may be your only proof. This might also be useful if the website is temporarily unavailable when you need the info.

Travel

Last year was the first time in the U.S. in which more travel was purchased online than offline, according to Phocuswright's 2008 travel trends survey.

There are scores of travel sites vying for your business. They include online travel agencies, such as Expedia, Orbitz, and Travelocity; travel search engines, such as Kayak.com and SideStep.com, which comb thousands of travel websites; "supplier sites" run directly by airlines and hotels; discount sites, like Bestfares.com, offering bargains for members who pay a yearly fee; and hybrid sites that offer a little bit of everything.

Using their own methods, they search through fares to find travel deals.

However, not all travel websites are created equal. Many travel sites charge booking fees that range from \$5 to \$20 per ticket. These sites may also charge you cancellation fees and transfer fees if you change your itinerary. Some travel sites impose a fee in addition to airlines charges to change your ticket. Check each website's terms of use section, and read the fine print on the ticket

agreement to learn about possible fees. Most airlines and hotels do not charge booking fees on their own sites. However, many airline tickets are non refundable and can be exchanged only for a hefty fee.

Online travel agencies are heavily trafficked by vacationers looking for good deals. Most are easy to use and allow consumers to compare prices and itineraries. Some offer free email updates when fares change.

The main difference between online travel agencies and travel search engines is in the information provided.

Travel websites like Orbitz.com or Expedia.com search their own databases of available flights, hotel rooms and car rentals. These sites can tailor your search to provide more targeted results. They also offer extras for would-be travelers such as photos, reviews from other travelers, and one-stop booking for ground transportation, dining and entertainment. Travel search engines offer more comprehensive results because they hunt for information from a wider variety of sources, including additional airlines, other travel websites, and online databases that have flight, room and car rental availability.

Booking travel directly from airline and hotel websites, called supplier sites, has several advantages. Most

See "Online business," page 7

Who's using the Internet?

This chart shows the results of a survey by the Pew Internet & American Life Project (www.pewinternet.org) of 2,054 adults, 18 and older, conducted in October-December of 2007. Surveyors asked: "Do you use the Internet, at least occasionally?" and "Do you send or receive email, at least occasionally?" Results show the percentage of each group using the Internet.

Total Adults	75%
Women	74%
Men	76%
Age	
18-29	92%
30-49	85%
50-64	72%
65+	37%
Race/ethnicity	
White, Non-Hispanic	76%
Black, Non-Hispanic	56%
English-speaking Hispanic	79%
Geography	
Urban	77%
Suburban	77%
Rural	64%
Household income	
Less than \$30,000 per year	61%
\$30,000-\$49,999 per year	78%
\$50,000-\$74,999 per year	90%
\$75,000 plus per year	93%
Educational attainment	
Less than High School	38%
High School	67%
Some College	84%
College +	93%

Looking for advice in all the right places

Here are some resources to help you check out vendors and learn about your rights. If you have a problem with an online purchase, first contact the merchant. If you can't solve the problem, file a complaint with your state Attorney General's office, consumer protection agency or the Federal Trade Commission. For contacts, visit the Federal Consumer Information Center (www.consumeraction.gov).

Bidder Beware!

www.aarp.org (*Type "online auctions" in search bar.*)

AARP explains how to protect yourself when using eBay and other auction sites.

American Bar Association

www.safeshopping.org

Legal rights and online shopping tips.

Better Business Bureau (BBB)

www.bbbonline.org

Check out online companies before you do business with them.

FakeChecks.org

www.fakechecks.org

Information and consumer advice about fake check scams

Internet Fraud Complaint Center

www.ic3.gov

Report suspected cases of Internet and e-commerce fraud to the FBI.

Online Shopping

www.ftc.gov/onlineshopping

877-382-4357 (File a complaint)

Federal Trade Commission (FTC)

tips about avoiding trouble when shopping online.

National Fraud Information Center

www.fraud.org

Click on "Internet Fraud"

Get tips and file complaints about

fraud or online scams at this project of the National Consumers League.

OnGuardOnline

www.onguardonline.gov

Advice from the FTC and others on phishing, ID theft, spyware. Good resource for verifying legitimate security resources on the web.

Online Privacy Guide

www.cdt.org/privacy/guide

In-depth advice from the Center for Democracy & Technology.

Privacy Rights Clearinghouse

www.privacyrights.org

Click on the Online Privacy section, which provides excellent fact sheets and other materials.

Buying Medicines Online

U.S. Food and Drug Administration

www.fda.gov/oc/buyonline

Steps you can take to make safer prescription drug purchases online.

TRUST-e

www.truste.com/consumers

Tips to protect your personal information on the Internet.

Wired Safety

www.wiredsafety.org

Non-profit organization offering online safety information. ■

Online business

Continued from page 6

airlines and hotels offer online deals and packages that you won't find anywhere else.

It's a good idea to compare fares found on other online sites against the supplier's own site. When booking directly with an airline carrier, you avoid paying online booking fees. (Many airlines now charge fees if you book by phone or request a paper ticket.) By dealing direct, you also get the added benefit of avoiding fraudulent travel offers.

Member-only discount travel sites negotiate special deals for subscribers, who generally pay a yearly fee to access the discounts.

When it's time to pay for your travel plans most sites have security features so you can use your credit cards safely online. Most browsers, including Firefox, Safari and Internet Explorer, use Secure Sockets Layer (SSL) technology.

What is SSL?

SSL is a way to safely transfer financial information over the Internet. Payment account numbers are sent through an SSL link encrypted (encoded) so that it cannot be intercepted. Even if a hacker gains access to the information it's useless since it

is encrypted.

You'll know you're accessing a page secured with SSL when you see "https://" in the web address (URL) or when you see a symbol of a closed lock or key in your browser. (*For more on secure payments, see page 2.*)

Cars

Some consumers are drawn to the idea of purchasing a car online because they don't have to deal with a haggling salesperson. You can pick and choose from various car features for the model of your choice and quickly and easily get quotes from several brick and mortar dealerships nearby. You can get a price in writing that the dealership should honor (always necessary to read the fine print).

It's also possible to learn which dealerships in the area have the car you're looking for without having to call. Some sites allow users to complete car loan applications and submit them online.

However, you still have to show up at the dealership to complete the sale and pick up your new vehicle. (*For information on top car websites see comparison shopping article, page 3.*)

Grocery shopping

Online grocery shopping is a convenient way to purchase food and other necessities without ever

leaving home. Food shopping online allows you to fill your virtual cart at any time of the day or night, with no crowded aisles or long lines. Groceries are delivered to your doorstep.

Online grocery shopping also allows you to check out competitor's prices quickly and easily. Many sites, like Safeway.com and Peapod.com, offer special coupons for online shoppers.

Online grocers like Peapod are generally owned by big grocery chains, like Stop & Shop and Safeway. Shipping prices and policies vary but most have a minimum order amount, delivery charge and in these days of high gas prices, a fuel surcharge.

Online giving

Donating to a good cause is easier than ever with the Internet. Why send a check if you can instantaneously donate to your favorite cause online?

Some shopping websites have ties to individual charities. Once you sign up for a membership and choose where you want your donation to go, a percentage of your online spending goes to the charity. It makes sense to compare prices, because you might find the item cheaper elsewhere and donate the difference in price directly to the charity.

The Better Business Bureau's Wise

Giving Alliance warns of fake shopping sites that lure consumers just to steal their money, so it's wise to check out the business before you trust it with your donations.

Many charities, such as the American Red Cross (www.redcross.org), accept donations and pledges online at their websites.

Charity fraud often takes the form of phishing scams, such as a fraudulent email or legitimate-sounding online posts asking for donations for well-known, reputable organizations. Phishing emails, designed to trick you, provide links to phony websites that appear to be official. Don't click on these links.

The BBB's Wise Giving Alliance (www.give.org) is a resource for vetting online charities. Just type in the name of most organizations to find key information about them.

Any legitimate charity will have a website with details about how your donation will be spent.

Form 990

Another key way to learn about a charity is to review its IRS Form 990. This is a mandatory document filed by nonprofit and charitable organizations. It details the group's budget, top salaries and how donations are used. You can find the Form 990s for many charities online at Guidestar.org or NetworkforGood.org. ■

Who's your favorite e-tailer?

Consumers consistently rank Amazon.com and eBay.com at the top of their list of favorite e-tailers. Both of these sites are easy to use and have consistent customer service. Other favorites include the online stores of big brick and mortar retailers, such as WalMart.com, BestBuy.com, and Sears.com. Shoppers like these sites mostly because of perks like personalization and low-cost shipping.

A recent report from the American Consumers Satisfaction Index (ACSI), which measures consumers' shopping experience on and off-line, found consumers to be the most dissatisfied with department and discount stores. In the most recent satisfaction index, consumers gave them the lowest rating since 2001.

But consumers were more satisfied than ever before with e-commerce. Amazon.com and Wachovia.com topped the list for consumers.

e-Commerce

According to commentary on the findings by Professor Claes Fornell, director of the National Quality Research Center at the Stephen M. Ross School of Business, University of Michigan, consumer satisfaction stayed level or climbed for an e-commerce category that includes retail,

brokerage and travel websites.

With an ACSI of 88 out of 100, Amazon.com remains the leader among e-tailers. It is also one of the highest scoring companies overall in the ACSI.

Three companies were included in the online retail category for the first time: Newegg, Netflix, and Overstock. According to ACSI:

- Newegg.com, an online retailer with low-priced consumer electronics, entered the ACSI with a high score of 87, only one point below Amazon. Newegg's website offers same-day shipping from its warehouses in California, Tennessee and New Jersey.

- Netflix.com, the world's largest online movie rental delivery service, scored well at 84. Netflix users select movies on the Internet and the DVDs are mailed using the U.S. Post Office.

Netflix charges a monthly fee for having a certain number of movies at one time, with no late fees.

- Overstock.com debuted at the bottom of the industry at 80. Overstock competes with Amazon and eBay, with eBay scoring only slightly higher at 81.

Online brokerages

ASCI satisfaction numbers for

Securing your computer

Some of today's Internet threats are complex and hard to detect with few, if any, symptoms. You can limit some online threats by using anti-virus software that updates automatically. Use an anti-virus program that scans for threats in your folders, files and incoming documents.

Malware, "bots" and spyware may be lurking inside your computer. Malware is malicious code used to spread infected computer viruses and corrupt software and electronic documents. Bots (short for robot) search for unprotected access to your computer. The bot hides out on your computer until it is tapped to send mass emails or viruses.

Spyware hides on your computer and tracks your online behavior for marketing purposes. You unintentionally download spyware from a website or email. Anti-spyware programs like Norton Internet-Security from Symantec can detect and delete the invaders.

Visit On Guard Online (www.onguardonline.gov) for more software recommendations, including a limited number of free resources.

A firewall can block unwanted or dangerous communications. Your computer may come with a built-in firewall. Check the Help section of your system to make sure it's on, or download a firewall program from a trusted provider.

Here are a few tips to keep you safe online:

- Be cautious of free deals online (free music, files).
- Be careful what you download.
- Keep your online security systems updated. ■

online brokerages climbed to a new high of 79. ACSI does not measure satisfaction with stock market performance, but looks at the quality of the website experience for consumers managing their investments online. ACSI notes that improvements to brokerage websites may make it easier for investors to manage portfolios quickly and efficiently, which is

important in the midst of a volatile market.

Fidelity, which shared its lead with Charles Schwab last year, rose 5% to 84 to claim the top spot. TD Ameritrade made a strong showing at 80, narrowing its gap to second-place player Charles Schwab at 82.

For more information, visit the ACSI website (<http://theacsi.org>). ■

Groups ask for online 'Do Not Track' registry

By Linda Sherry

Consumer Action late last year joined a number of privacy rights and consumer organizations in a petition asking the Federal Trade Commission to take steps to protect consumers from the potential privacy invasions of online behavioral tracking and targeting for advertising purposes. This advertising method, little known to consumers, threatens privacy in new ways.

Predictably, advertisers have told the FTC that they prefer self-regulation to allowing the FTC to regulate

online data collection. Others argue against consumer opt-out protections because they say it would limit or halt websites that are free to consumers because they make money off of advertising.

The groups asked the FTC to ensure that the principles of consumer protection it enforces on the Internet apply to all areas of online consumer marketing and advertising.

Pam Dixon of the World Privacy Forum led the November 2007 petition, which was also signed by Center for Democracy and Technology, Consumer Federation of Amer-

ica, Electronic Frontier Foundation, Privacy Activism, Public Information Research, Privacy Journal and Privacy Rights Clearinghouse.

The groups asked the FTC to create a national Do Not Track list similar to the national Do Not Call Registry, which has been overwhelmingly popular with consumers who are tired of telemarketing calls.

The Do Not Track list would work by giving consumers new opt-out rights for "persistent cookies" that allow companies to recognize users' computer systems and track users' online even after they have ended a session on a particular website.

Cookies

Per-session cookies are stored in memory and are only available while you are on the website and are

deleted from your cache when you leave the website. Persistent cookies are stored on your hard drive for a length of time set by the website.

The Do Not Track list, as envisioned by the groups, would:

- Require advertisers who use persistent cookies to register all domain names and Internet Protocol (IP) numbers with the FTC.
- Provide a relatively easy process to block tracking of their Internet activities using persistent cookies.
- Be available on the FTC Website for download by consumers who wish to use the list.

The groups suggested that the FTC also conduct a broad public education campaign about the Do Not Track list, how it can be used and its privacy benefits.

The Do Not Track list would not prohibit online advertisements from technologies that don't use persistent cookies. Consumers who sign up for the Do Not Track list still would see advertising, but the ads would not be targeted to their online behavior or personal preferences unless they wanted it to be.

FTC comments

In April, Consumer Action joined the Center for Democracy & Technology and Privacy Activism in filing a reply to the FTC Staff Statement on online behavioral advertising. In the comments, the groups reiterated support for a Do Not Track registry.

In separate comments, the Consumer Federation of America and Consumers Union also supported the idea of a Do Not Track registry. ■

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