

# **Savvy Online Shopping**

**Seminar lesson plan and class activities**



**A Consumer Action Project**  
**[www.consumer-action.org](http://www.consumer-action.org)**

# ***Savvy Online Shopping***

## **Seminar lesson plan and class activities**

### **Lesson purpose:**

To help online shoppers protect their data, make informed shopping choices, identify the safest payment method, avoid customer service issues, and resolve problems and disputes when they arise.

### **Learning objectives:**

By the end of the lesson, participants will understand:

- What risks exist for online shoppers
- What tools and practices can help them protect their data online
- How to vet a merchant
- The advantages and disadvantages of various payment methods
- How to avoid problems and dissatisfaction
- The difference between a customer service issue, a dispute and “friendly fraud”
- The steps to take to resolve a problem with an order
- How the dispute process works and what a chargeback is
- Where to get more information

### **Lesson duration:**

2 hours

### **Materials:**

For instructor:

- *Savvy Online Shopping: Tips for trouble-free transactions* (brochure)
- *Savvy Online Shopping: How to resolve a dispute* (brochure)
- *Savvy online shopping and dispute resolution* (backgrounder/Q&A)
- Visual teaching aid (PowerPoint presentation with instructor’s notes)
- Lesson plan, including activities, answer keys and resources (pages 3-20)
- Class evaluation form (page 21)

Instructor will also need:

- A computer and projector for the PowerPoint presentation (the PowerPoint slides also can be printed on transparency sheets for use with an overhead projector); and
- An easel and pad, or a whiteboard, and markers.

For participants:

- *Savvy Online Shopping: Tips for trouble-free transactions* (brochure)
- *Savvy Online Shopping: How to resolve a dispute* (brochure)
- Safe and savvy online shopping (exercise) (1 page)
- Know your rights (exercise) (2 pages)
- Class evaluation form (1 page)

Optional:

- Printout of the PowerPoint presentation

**Lesson outline:**

- Welcome and training overview (5 minutes)
- Shopping online safely (15 min)
- Making wise merchant and payment choices (15 min)
- Avoiding and resolving problems (15 min)
- “Safe and savvy online shopping” exercise (15 min)
- Payment disputes (15 min)
- Resources for online shoppers (10 min)
- “Know your rights” exercise (15 min)
- Questions and answers (10 min)
- Wrap-up and evaluation (5 min)

### Instructor's notes:

This training module consists of two fact sheets/brochures (*Savvy Online Shopping: Tips for trouble-free transactions* and *Savvy Online Shopping: How to resolve a dispute*); a trainer's manual (background) written in Q&A format; a lesson plan with class activities; and a PowerPoint presentation. It was created by the national non-profit organization Consumer Action to be used by non-profit organizations providing consumer education in their communities. The entire module can be found online at [http://www.consumer-action.org/modules/module\\_online\\_shopping](http://www.consumer-action.org/modules/module_online_shopping).

Before conducting the training, familiarize yourself with the fact sheets, the lesson plan (including activities) and the PowerPoint visual teaching aid.

The PowerPoint presentation contains notes for each slide (appearing below the slide when in Normal view or Notes Page view). These notes offer detailed information about the items appearing on the slide. The learning objectives for each section, along with key points and questions to generate discussion, are included in the lesson plan, as are indicators telling you when to move to the next PowerPoint slide.

*Why Adults Learn*, a PowerPoint training for educators, provides tips for teaching adults and diverse audiences—it will be helpful to you even if you have taught similar courses before. The slide deck is available at [http://www.consumer-action.org/outreach/articles/why\\_adults\\_learn/](http://www.consumer-action.org/outreach/articles/why_adults_learn/).

## WELCOME AND TRAINING OVERVIEW (5 minutes)

➔ **SLIDE #1** (onscreen as participants arrive; direct early arrivals to begin reading the fact sheets)



**Welcome** participants and introduce yourself.

If you have a small group, you can ask individuals to introduce themselves (or, if time permits, ask them to pair off with someone seated near them and then introduce each other to the group) and tell you what they hope to get out of the training. In a larger group, invite a few volunteers to share their expectations. On your whiteboard or easel pad, jot down some of the specific things participants mention. You can come back to this at the end of the class to make sure you've covered these points. (This activity is designed to serve as a brief icebreaker. It will also give you an idea what participants' expectations and needs are.)

**Review** the contents of participants' packets. Ask the class to take a look inside their packets and make sure they have all the materials needed.

➔ **SLIDE #2**

**What you will learn**

- How to protect personal and payment data
- How to avoid problems
- How to resolve disputes
- Where to find information or assistance

**Present** the learning objectives of the training. (Bullet points on slide represent the main categories of what participants will learn. You can go over just these, or the full list, below.)

By the end of the lesson, participants will understand:

- What risks exist for online shoppers
- What tools and practices can help them protect their data online
- How to vet a merchant
- The advantages and disadvantages of various payment methods
- How to avoid problems and dissatisfaction
- The difference between a customer service issue, a dispute and "friendly fraud"

- The steps to take to resolve a problem with an order
- How the dispute process works and what a chargeback is
- Where to get more information

### SHOPPING ONLINE SAFELY (15 minutes)

**Learning objective:** Be aware of the potential risks of shopping online, and be familiar with the tools and practices that can help protect consumers' personal and payment data on the internet.

#### Key points (slide 3):

- Being on the internet exposes you to certain risks.
- The potential risks of online shopping can be reduced significantly by taking certain precautions.
- Locking intruders out of your devices and accounts is one of the strongest safety measures available.
- Being on guard at all times helps you avoid becoming the victim of scammers, identity thieves, etc.

#### Questions to generate discussion:

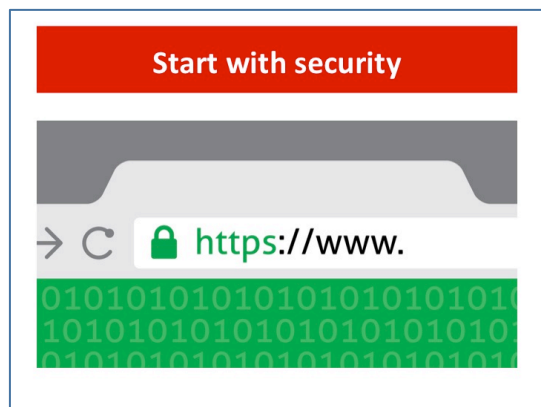
- Do you avoid the internet and/or online shopping out of fear? What are your concerns, and why? What do you think is the greatest risk on the internet?
- Do you practice safe internet use? What precautions do you routinely take? What precautions do you think you should take that you don't?

*Note: When generating discussion, allow a moment or two for participants to respond. You can jot down responses on your easel pad or whiteboard.*

#### ➔ SLIDE #3

**Introduction:** Online shopping offers a lot of advantages—convenience, a wider selection of goods to choose from, access to many more merchants, the ability to easily comparison shop, and potentially better prices than you could find locally. But that doesn't mean online shopping is without its risks—from order errors or undelivered merchandise to payment disputes and data breaches. Fortunately, there are steps you can take to avoid the potential problems and continue to enjoy all the advantages of online shopping.

Go over slide notes.



**Slide notes:** Here are some of the best ways to protect yourself and your data when on the internet—doing all of them diligently greatly reduces your risk.

- **Lock your device and accounts.** Start by locking your computer and/or mobile device (smartphone or tablet) so that a passcode (or fingerprint on some devices) is needed to log on. That way, if your computer or device were to be lost or stolen, nobody else could use it. Along those same lines, make sure that your apps and online accounts are secured by a strong password—one that is at least eight characters long and a random mix of letters, numbers and symbols. (You can use an online tool such as [www.PasswordsGenerator.net](http://www.PasswordsGenerator.net) for help coming up with one.

Online tools can help you store your passwords without writing them down. (PCMag offers a list of "The Best Password Managers of 2016" at <http://www.pcmag.com/article2/0,2817,2407168,00.asp>.) Consider using a *passphrase*—a longer version of the password (for example, *ilikecookies&milk*). Use different passwords/phrases for your different accounts. If asked to set up security questions (used in case you forget your password), choose ones that nobody else is likely to know the answers to. If a website offers

two-factor authentication (2FA), enable it. It's stronger than a password alone because it requires two pieces of information to access the account (for example, a password and confirmation of an onscreen picture/graphic you've chosen, or a password plus a passcode that is sent to you via text message or email). Don't share your passwords and logins.

- **Avoid public Wi-Fi.** When shopping, do so on your home network or your mobile service carrier's network. Avoid conducting financial transactions in public Wi-Fi or on a shared (public) computer.
- **Avoid scammers.** Visit retailers directly from your browser or the company's downloaded app rather than through a link in an email that might have been sent by a scammer. "Phishing" emails are designed to look like they are from a legitimate company, but they lead you to a spoofed (copy-cat) website that the scammer has designed to fool people. If you click on a spoofed internet link, a scammer can steal any confidential information you provide. Logging in to a spoofed site may infect your computer with malware (malicious software) that causes damage, or spyware that steals your information. To reduce the chances of exposing yourself to data-stealing malware, don't download anything that isn't offered through a trusted source (the Apple App Store or Google Play, for example, or the legitimate site of a trusted store, credit card company or other business). Keep your browser and apps updated—new versions often include patches that fix security weaknesses.
- **Make sure there's a secure connection.** Once you are at a legitimate retailer's site, confirm that the connection is secure before you hand over your personal and payment information. You can do this by looking for the HTTPS:// (rather than just HTTP://) in the address bar. A closed padlock icon might also appear, or you might see the address bar go green, depending on your browser. All these signs mean that the site uses encryption, which "scrambles" your personal and payment information to protect you from hackers. Never send your payment information by email.
- **Guard your data:** Email is not safe for relaying personal data or payment information because messages aren't automatically encrypted. There *are* some tools that enable you to encrypt your emails, but this is more trouble than most consumers are willing to go to, and shouldn't be required to shop safely with a merchant. When offered the option, don't choose to save your login or payment information—it's safer to enter it yourself each time you shop. Allowing your information to be saved could put your personal and payment data in jeopardy if there were ever a breach of the merchant's database. Even though it might be a minor inconvenience, it is safer to re-enter your login and payment information for each transaction.

### **MAKING WISE MERCHANT AND PAYMENT CHOICES (15 minutes)**

**Learning objective:** Understand how to make wise choices about which online merchants you patronize and how you pay for your orders.

#### **Key points (slides 4-6):**

- It's best to patronize only merchants you know and trust.
- It's important to thoroughly vet (research) a merchant you are unfamiliar with before making a purchase.
- Any reputable online merchant should have a privacy policy—it's a red flag if it doesn't.
- Third parties operating on a merchant's site are not necessarily governed by the merchant's privacy policy.
- Your right to a refund or exchange is not guaranteed—it depends on the merchant's policies, product warranty law and/or, in some cases, state law.
- Your choice of payment method will provide different rights and protections when you shop online.
- Generally speaking, a credit card provides the greatest consumer protections.

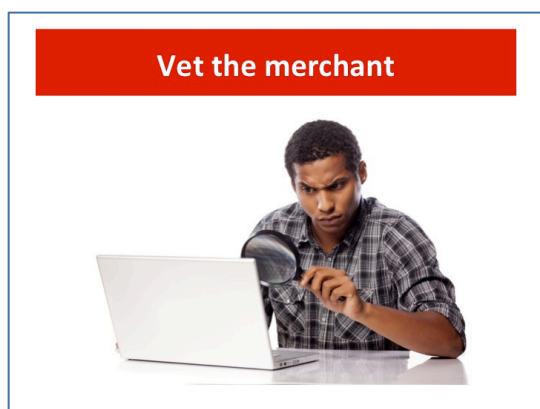
## Questions to generate discussion:

- What is your process for investigating a service provider or merchant before doing business with them? Do you feel your process is successful? What are some red flags that would make you hesitate to do business with someone?
- Do you trust consumer reviews (Yelp, on the merchant's site, etc.)? Why or why not?
- What is your preferred online payment method? Why?

## ➡ SLIDE #4

**Introduction:** There are millions of merchants on the internet, yet not all of them merit your business. Where you make purchases has a huge bearing on how trouble-free your shopping experience is likely to be, so make sure that you patronize retailers who are legitimate, committed to customer satisfaction and equipped to protect your personal information.

Go over slide notes.



**Slide notes:** Here are some ways to assess an online merchant and decide if you want to do business with it.

**Legitimacy:** When possible, deal only with businesses you are familiar with. When that's not possible, vet the merchant. In other words, make sure it is legitimate, honest and someone you want to do business with. Start by touring the website or app. A fancy website doesn't make a business legitimate or trustworthy, yet one that looks unprofessional (low-res images, typos, etc.) should immediately raise a red flag. Regardless of the quality of the website, if you're not familiar with a merchant, you should verify information on the site (for example, call the phone number provided, check the address in an online search, and/or send an

email to customer service to see how responsive the company is). The absence of a legitimate (or any) address and a working phone number, or difficulty getting hold of the merchant, should be cause for concern. Don't be lured in by prices that are too good to be true—there's probably a catch. Some scammers create websites offering popular products at very low prices specifically to trick people. Then they steal buyers' personal and payment information and never fill the order.

**Reputation/reviews:** Check an unfamiliar merchant's reputation by reading online customer reviews and ratings at a variety of sites. While scammers can create fake reviews as easily as they can a fake website, a large number of positive reviews on trusted, established review sites are a positive sign. Also check the merchant's Facebook page, Twitter account and other social media accounts for customer feedback. Visit [www.bbb.org](http://www.bbb.org) to see if the merchant has a record of complaints with the Better Business Bureau.

**Privacy protection:** A privacy policy explains how customers' personal information is collected, used and stored. Ideally, a privacy policy should be clearly posted on the company's website, and it should state that the company won't share your information with third parties (unaffiliated individuals or organizations) and/or that you can easily "opt out" of having your information shared. Logos from organizations such as TRUSTe (<https://www.truste.com/consumer-resources/>) and BBBOnline (<https://www.bbb.org/>) signify a trustworthy or reasonably strong privacy policy. (Click on the seal to verify it's legitimate—the address that appears should match the address of the official certifying company website.) Leave the site or don't download the app if you are not satisfied that your privacy will be protected. Be aware that information-gathering done directly by a third party operating on the site (such as the sponsor of a pop-up ad) or one whose site you land on by clicking a link is subject to that company's own, possibly weaker, privacy policy. (A guide offered by the California Department of Justice Privacy Enforcement and Protection Unit helps consumers nationwide understand what to look for in a privacy policy: <https://oag.ca.gov/privacy/facts/online-privacy/privacy-policy>.)



## ➔SLIDE #5

**Introduction:** Your right to a refund or exchange is not a guarantee—it depends on the merchant's policies, product warranty law and/or state law. A good way to avoid unpleasant surprises is to understand the merchant's refund/exchange policy and your consumer rights before you buy.

Go over slide notes.

**Returns and refunds**

**Depends on:**

- Merchant policy
- Warranty law
- State refund law



### Slide notes:

**Merchant policy:** Many retailers allow returns if you change your mind or receive an unwanted gift, but they aren't legally required to do so, so some don't (i.e., all sales are final). Likewise, some retailers allow returns, but only within a short timeframe, and/or they might give only store credit—no refunds. Some pay for shipping on exchanged items but not on returned items, and some don't ever pay shipping. Unless a purchase is under warranty (express or implied), in most cases your ability to make an exchange or get a refund depends on the merchant's policies, though some states do have laws around consumers' right to a refund. Merchant policies and state laws vary widely! (You can

get an idea of the range of merchant policies in Money magazine's comparison of the return policies of 15 major retailers: <http://time.com/money/4124760/return-policies-best-worst/>.) The more lenient a return policy, the better, of course. When evaluating a merchant's return policy, consider:

**Clarity and availability:** Is the policy explained in detail, easy to understand and easy to find on the website? If not, you might not want to order with that merchant because of the risk of problems should you be dissatisfied with your purchase.

**Tone:** Does the merchant appear to be focused on consumer satisfaction, or just on making the sale?

**Leniency:** Are you entitled to a refund, an exchange or nothing (all sales are final)? What is the window of time for returns? Who is responsible for return or exchange shipping? If the consumer, is it a reasonable cost? Is there a restocking fee? How long does the process take from return to refund/credit?

**Convenience:** How easy is it to make a return/exchange? Does the merchant provide a prepaid return label? Do you have to get preapproval from the merchant before sending back the item?

**Warranty law:** Generally speaking, if a product you've purchased is unfit for the purpose it was intended, whether or not you received a specific written or verbal (express) warranty, you should be entitled to a refund. This protection comes under the "implied warranty of merchantability," which guarantees that a product sold to you will work for its intended purposes. "Unfit" is open to interpretation, but might include a cracked dish, damaged clothing, a toaster that doesn't toast or a ball that doesn't bounce. Deciding you'd prefer a red ball rather than the blue one you bought is not covered. However, if a merchant's description of an item is clearly inaccurate, you might have cause to demand a refund.

Learn more about all types of warranties at the Federal Trade Commission (FTC) website (<https://www.consumer.ftc.gov/articles/0252-warranties>). Learn more about implied warranties (warranty of merchantability) at the FindLaw website (<http://consumer.findlaw.com/consumer-transactions/what-is-the-warranty-of-merchantability.html>). Implied warranties are created by state law, and all states have them. Contact your state's consumer protection office (<https://www.usa.gov/state-consumer>) for information.

**State refund law:** Unless a product purchased is found to be unfit for the purpose for which it was intended, there's no federal law that requires a merchant to refund money—the policy around refunds is up to the merchant, providing it meets minimum state legal requirements regarding disclosure. Generally speaking, regardless of the actual terms of the return policy, it must be prominently displayed where purchases are made—that includes websites—for it to be considered valid. If the return policy is not displayed, some states have laws that allow consumers to make returns and get refunds for a certain number of days after the purchase is made.



While many states have laws on the books that address consumer refunds (see the full list on FindLaw's website: <http://consumer.findlaw.com/consumer-transactions/customer-returns-and-refund-laws-by-state.html>), not all of them apply to online purchases made across state lines. If you have a question about your particular state's refund laws, contact your state's consumer protection office (<https://www.usa.gov/state-consumer>).

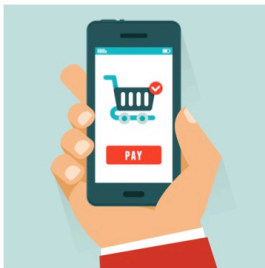
## ➔ SLIDE #6

**Introduction:** Not all payment methods are created equal. The way you pay provides different rights and protections when you shop online. Making the best choice can protect you when things go wrong.

Go over slide notes.

### Payment options

- Cash or cash equivalent
- Credit card
- Debit card
- Prepaid card
- Payment platform



### Slide notes:

**Cash or cash equivalent:** This isn't a typical option for online shoppers, but if you are offered the possibility—or requirement—to pay by cash, check, wire transfer, money order or prepaid card account code, think twice about going through with the purchase. These payment methods offer no protections or dispute rights, and a request for cash (or its equivalent) is often the sign of a scam.

**Credit card:** A credit card is your most secure form of online payment. First, transactions are paid using the card issuer's money, not yours, so fraudulent or disputed transactions do not

draw money out of your bank account. Second, your liability for unauthorized transactions is limited to \$50, and may be nothing if the issuer has a zero-liability policy. Third, if you have a problem with a purchase, you can dispute the transaction with the card issuer and withhold payment while the issue is being investigated. Depending on your card, you might have other benefits, such as extended warranties on your purchases. Another tool you might want to make use of is the disposable credit card number. Many major banks and card issuers let you create a unique, single-use number for use online. Although that number is linked to your credit card, if your account with the merchant were ever breached, your actual credit card number would not be compromised.

**Debit card:** While a debit card with a Visa or MasterCard logo may offer you some similar dispute rights to those of a credit card, it also carries a major risk: It is tied directly to your checking account. That means that the money for transactions—both legitimate and fraudulent—comes right out of your account. Even if you report a problematic transaction, you could be out that money for as long as 10 business days (20 on very new accounts), while the bank investigates. And that could make it difficult or impossible to pay your bills and living expenses. With a debit card, you have no liability for unauthorized transactions involving just the card number (rather than the actual card) as long as you report them within 60 days of receiving the statement reflecting the unauthorized use. However, you could be liable for any transactions that occur after 60 days following the mailing of your account statement and before you report the loss.

**Prepaid card:** Despite efforts to improve prepaid card protections, there are no federal laws or regulations to protect general purpose prepaid card users the way credit and debit card users are protected. However, the prepaid card you choose may voluntarily offer some similar consumer protections. Since prepaid card consumer protections are voluntary, any that are offered could be rescinded at any time. Check your card issuer's policies. Since a prepaid card can't be used until you "load" it with funds, any unrecoverable losses would be of your own money. See Consumer Action's *A consumer's guide to choosing a prepaid card* ([http://www.consumer-action.org/english/articles/a\\_consumers\\_guide\\_to\\_choosing\\_a\\_prepaid\\_card#consumer](http://www.consumer-action.org/english/articles/a_consumers_guide_to_choosing_a_prepaid_card#consumer)) to learn what policies and protections to look for before choosing a prepaid card.

**Payment platform:** Any consumer protections offered by intermediary payment services (PayPal or Google Checkout, for example) are voluntary. That doesn't mean the company won't stick by its promises, just that you should check the company's policies first and understand that they could change. However, using a credit card to make a payment through your PayPal or similar type of account (rather than another type of card or the cash balance held inside your account) offers you all the consumer protections required by law for credit card holders.

## **AVOIDING AND RESOLVING PROBLEMS (15 minutes)**

**Learning objective:** Understand how to avoid problems with your orders and the appropriate steps to take if a problem does arise.

### **Key points (slides 7-9):**

- There are steps online shoppers can take before buying that will reduce the likelihood of problems later on.
- "Mystery" purchases can be prevented by keeping good records and communicating with others in your household about transactions you might not be aware of.
- Not all order problems are disputes—it's important to know the difference between a customer service issue and a dispute.
- There are ways of communicating with a merchant that improve your odds of getting a satisfactory resolution to your problem.
- "Friendly fraud" may have repercussions for the merchant and/or the customer.

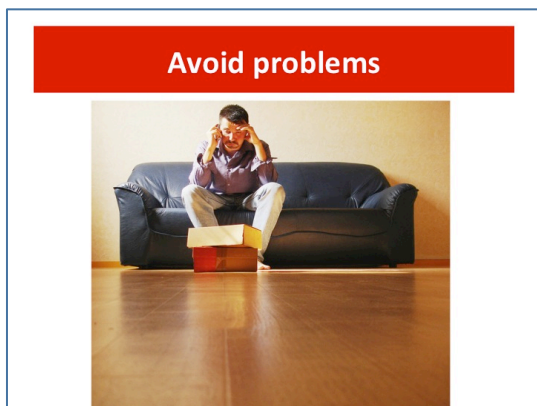
### **Questions to generate discussion:**

- What would you advise an inexperienced online shopper to do to avoid problems and have a good experience?
- How do you typically deal with online order problems? Have you been successful in getting a satisfactory resolution?

### **➡SLIDE #7**

**Introduction:** Once you've decided to do business with an online merchant, you can avoid buyer's remorse by doing some pre-purchase research and post-purchase recordkeeping. These small extra steps help ensure you will be satisfied with your purchase—or prepared to deal with any problems if you're not.

**Go over** slide notes.



#### **Slide notes:**

- Understand the merchant's policies before you buy so that you are not surprised when you have to return or exchange something.
- Research your purchase to avoid buyer's remorse (i.e., finding a model, style or price out there that's better than the one you ordered).
- Get the best price by comparison shopping among other trusted merchants (both the item price and the shipping charges). Once you've decided to buy, look for a promo code on the merchant's site. If you can't find one, contact the merchant to ask if there are any discounts or free shipping offers you

qualify for. Many shoppers check elsewhere for promo codes before checking out. To avoid the fakes, it's best to search only reputable promo code sources, such sites as RetailMeNot.com (<https://www.retailmenot.com/>), Slickdeals.net (<https://slickdeals.net/>) and Offers.com (<http://www.offers.com/>). Offers vary, but as an example, a search for Kmart promo codes at RetailMeNot.com on 1/31/17 yielded offers of "\$5 off \$50 in-store and online," "\$5 off \$25 Kmart footwear in-store and online" and "10% off one Kmart home item in-store and online."


- Keep the receipt in case you have to make a return or exchange, or if needed for replacement or repair under a warranty. Your receipt will typically be an email confirmation, but there is often also a paper receipt inside the package.
- Check the transaction amount to avoid billing errors. Don't wait for your monthly statement to come—go online regularly (or call customer service if you don't have an online account and don't want to set one up) to check transactions on your real-time account activity record. Experienced online shoppers know that they can greatly improve the odds of being satisfied with their online shopping experience by acting immediately when something goes wrong.
- Prevent mystery purchases. Before assuming that a transaction on your statement is fraudulent or an error, first check with anyone in your household (spouse, child, parent, etc.) who might have used the account. (You can avoid some mystery purchases by using parental controls that prevent in-app or online purchases by kids.) If you still can't solve the mystery, be aware that merchants sometimes run transactions under a different name than you might be familiar with (a parent company's name, for example). If there is a phone number on the statement, you can call the merchant for clarification of the business name and what was purchased. Otherwise, you can contact the statement provider (credit card issuer, bank, PayPal, etc.) to see if you can get more information about the merchant. Check the date of the transaction against your activities for around that day to see if that jogs your memory. Doing a little detective work can save you and the merchant the time, trouble and expense of an unwarranted dispute.

## ➡ SLIDE #8

Go over slide notes.

When a problem arises

- Customer service issue?
- Dispute?
- Friendly fraud?



### Slide notes:

- There is a difference between a problem with your order and a "dispute." A problem isn't a dispute until you have tried to settle the issue with the merchant but can't agree on an acceptable resolution. Examples of issues that online shoppers sometimes encounter include wanting return shipping charges waived because you think the item you ordered does not match the description provided on the website, asking for a price adjustment because the item you ordered went on sale before you received the delivery, or needing replacement of an item that arrived with a defect. These and other similar issues typically can be resolved with a call or email to the merchant's customer service staff.
- Customer service issues can become disputes if, say, the merchant does not waive the return shipping despite the product description being misleading, the merchant won't refund a price difference that you believe you're entitled to based on stated policies, or the merchant refuses to replace a defective item or requires you to pay shipping costs for the replacement.
- "Friendly fraud" is a rather consumer-*unfriendly* industry term—and arguably a misnomer—that is used to describe consumers' unwarranted or illegitimate disputes. These cases include filing a dispute with the card issuer because you don't recognize the merchant name or don't realize that your spouse or a family member made the purchase. (Friendly fraud is different from "return fraud" or "chargeback fraud," which refers to the act of intentionally defrauding a merchant using the merchandise returns process—for example, by making an online purchase and then reporting the merchandise as undelivered even though


you have received it, and then requesting a chargeback (refund) from the payment card issuer, PayPal, etc.) To combat friendly fraud or other cases of excessive and/or questionable returns, some merchants use an online database that tracks consumers' returns at participating retailers. If your return or exchange was denied or you were warned about excessive returns, your name might be in the Retail Equation database. You can request a free copy of your Return Activity Report, if one exists, at <https://www.theretailequation.com/consumers/ReturnActivityReport.aspx>.

## ➔ SLIDE #9

Go over slide notes.

**Communicate with the merchant**

- Notify the merchant of your problem
- Suggest a resolution
- Try at least 2x
- Mediation



### Slide notes:

**Notify the merchant.** Whenever you are dissatisfied with an online purchase, you should contact the merchant first to resolve the issue. Many merchants are very willing to make the situation right to keep you as a satisfied customer, avoid bad customer reviews and steer clear of a “chargeback” (more about chargebacks in next slide). When you contact the merchant, approach the discussion with a positive attitude. Start out by giving the merchant the benefit of the doubt. Be calm and respectful, and describe the issue clearly.

**Suggest a resolution.** Be clear about what you would like to have happen—a refund, free return shipping, etc.—and explain

why you think you deserve that resolution (for example, because of stated policies, reasonable expectations or your history as a good customer).

**Try at least twice.** If your first effort to get a satisfactory resolution is unsuccessful, make another attempt. This time ask to speak with a customer service supervisor if you didn't the first time, and/or put your request in writing and keep a copy. (For tips on getting your complaint heard and successfully resolved, read Consumer Action's “How to Complain” guide: [http://www.consumer-action.org/english/articles/how\\_to\\_complain](http://www.consumer-action.org/english/articles/how_to_complain).) If, after at least two attempts, you have tried your best to resolve the issue directly with the merchant and still are unsatisfied, it may be time to escalate.

**Consider mediation.** One option you might have is to enlist the help of an online mediator. These services intervene in a customer/merchant dispute, assisting the parties to negotiate an agreement. There typically are advantages for all parties—convenience and resolution for consumers, satisfied customers and lower bank fees for the merchant. Availability, cost and processes vary, but the services, offered both by online mediation companies and by some payment processors, auction sites and large online retailers, typically are free or low cost. The process can vary from service to service, but it generally entails you submitting a claim, the mediator contacting the merchant to notify it of your issue and your desired result, and an attempt to negotiate a resolution. Sometimes having a third party involved allows the two sides to look at the problem more objectively and to avoid heated interactions that might cloud their judgment. That doesn't mean that all mediated disputes are resolved; some might end up as a chargeback, a court case or simply a dissatisfied customer or merchant. (See the “Resources” slide for information about mediator eConsumer Services. Consumers can also ask about such services provided by their payment card issuer or intermediary, or the merchant/retailer.)

## SAFE AND SAVVY ONLINE SHOPPING EXERCISE (15 minutes)

**Assign** participants to work on the fill-in-the-blanks exercise on page 15 of the lesson plan. Ask for volunteers to share their answers. (Answer key is on page 16.)

## PAYMENT DISPUTES (15 minutes)

**Learning objective:** Recognize when a problem warrants filing a dispute, how the dispute process works and what a “chargeback” is.

### Key points (slides 10-11):

- Many disputed charges are actually unrecognized but legitimate transactions.
- The ability to dispute a charge is a valuable customer right, but should be used with discretion.
- A dispute can be decided in favor of the customer or the merchant.
- Excessive returns and chargebacks can have consequences—to the merchant and/or to the customer.

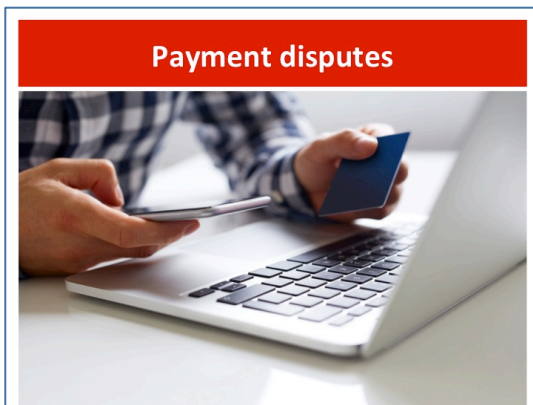
### Questions to generate discussion:

- Have you ever filed a dispute with your credit card company or a payment intermediary such as PayPal? What was the process like? Were you satisfied with the outcome?

### → SLIDE #10

**Introduction:** The right to dispute a transaction is an important cardholder protection, but it’s important to understand what types of problems warrant filing a dispute. If a dispute is determined to be legitimate and the best way to address an issue, it helps to understand the process, the potential outcomes and the costs—for the merchant and/or the consumer—associated with the process.

Go over slide notes.



**Slide notes:** If you can’t reach a satisfactory resolution directly with the merchant or by contacting a state consumer protection office or using a mediator’s services, you can dispute the transaction with the card issuer or with the payment processor if you used an intermediary such as PayPal. The process may vary somewhat, but typically you begin by contacting the card issuer or payment platform and saying you want to dispute a transaction and then providing an explanation of the situation (what the problem is, what efforts you’ve made to resolve it and the merchant’s response, and what resolution you are looking for). You may have the option to do this by phone, online and/or in writing (a letter mailed to the card issuer at its “billing inquiries” address). In most cases, the company contacts the seller and

investigates the transaction.

Under the Fair Credit Billing Act (FCBA) (<http://www.creditcards.com/credit-card-news/fair-credit-billing-act-1282.php>), credit card users have the right to withhold payment of the purchase amount while the card issuer investigates the dispute. (You should not be charged interest on the purchase while your dispute is pending.) This is one reason why it’s wise to pay for online purchases with a credit card.

The outcome of the dispute process could be a permanent credit to your account for all or part of the purchase price if you win the dispute (called a “chargeback”), or a temporary credit to your account during the investigation, with the charge eventually being reinstated if you lose the dispute.

The law requires credit card issuers to respond to your dispute in writing within 30 days, and complete their investigation and resolve the issue within two billing cycles or 90 days, whichever is sooner. If the card issuer decides in your favor, it is required to give you a written explanation of the adjustment it has made and to delete both the charge and any interest and fees that went with it. It’s also required to send you a written statement regarding its decision if it decides in the merchant’s favor.



## ➡ SLIDE #11

Go over slide notes.

### Chargebacks

The right to a transaction reversal is:

- A valuable consumer tool
- Time-consuming for all
- Expensive for merchants
- A last-resort solution in non-fraud cases

**Slide notes:** “Chargeback” is the industry term for a bank or credit card company reversing the charge (taking back the money it paid the merchant) on a fraudulent or disputed transaction. Chargebacks are undesirable to merchants because they increase their cost of doing business. In addition to potentially losing the sale, penalty and processing fees are assessed for each chargeback. Chargebacks also are time-consuming to deal with. And a merchant receiving a high number of chargebacks could face additional charges from the card processor. In the worst-case scenario, the business could be labeled as fraudulent (even if that is not accurate) or lose its ability to process card payments—a mortal blow for any online business.

While credit card dispute rights are a valuable consumer tool against fraud, the chargeback process is intended to be used **when you are unable to resolve an issue with a merchant directly**. In fairness to a legitimate merchant, filing a dispute with the credit card company shouldn't be the first route taken when a non-fraud-related issue arises. Even if the repercussions for the merchant are not your primary concern, the process of disputing a charge can be time-consuming for you. And chargebacks increase overhead costs for merchants, which can mean that consumers pay higher prices for goods and services. In rare instances, a record of excessive disputes that indicate possible cardholder fraud could lead to a loss of the credit card account. Having said that, you should never hesitate to exercise your dispute rights in the case of fraud or a valid issue that you have been unable to resolve with the merchant.

## RESOURCES FOR ONLINE SHOPPERS (10 minutes)

**Learning objective:** Be aware of the various resources available for learning more about safe and savvy online shopping and where to get help with online shopping issues and disputes.

### Key points (slide 12):

- There are many resources of information to help you be safe on the internet, resolve problems with merchants and dispute a transaction.
- There are online mediation services that help shoppers resolve a problem with a merchant if they are unable to do so on their own.
- Local and state consumer protection offices can take complaints and inform you of your rights, may investigate a potential violation of consumer law and might offer complaint resolution services such as mediation.
- If you and the merchant can't reach an agreement through a mediator and you lose the credit card dispute process, you can consider contacting a consumer law attorney for advice or representation.

### Questions to generate discussion:

- What websites do you visit for consumer information? Why?

## ➡ SLIDE #12

**Introduction:** In addition to great shopping opportunities, the internet also offers countless resources for learning how to shop smartly and safely, vet merchants, solve problems and get assistance. Here are just a few of the helpful resources you can find online.

Go over slide notes. (Then point out the additional resources highlighted in the two brochures.)

**Resources**

- eConsumer.gov: <https://www.econsumer.gov/ContactMerchant#crnt>
- State consumer protection office: <https://www.usa.gov/state-consumer>
- Federal Trade Commission (FTC): <https://www.consumer.ftc.gov/articles/0219-disputing-credit-card-charges>
- Consumer Financial Protection Bureau (CFPB): <http://www.consumerfinance.gov>
- National Association of Consumer Advocates (NACA): <http://www.consumeradvocates.org/find-an-attorney>
- eConsumer Services: [www.econsumerservices.com](http://www.econsumerservices.com)
- Consumer Action: [http://www.consumer-action.org/english/articles/how\\_to\\_complain](http://www.consumer-action.org/english/articles/how_to_complain)

**Slide notes:**

- **eConsumer.gov**—Provides information about how to resolve a problem directly with the merchant (<https://www.econsumer.gov/ContactMerchant#crnt>)
- **State consumer protection office**—Informs consumers about their rights under state law, takes consumer complaints, investigates potential violations of consumer law and might offer complaint resolution services such as mediation (<https://www.usa.gov/state-consumer>)
- **Federal Trade Commission (FTC)**—Offers a consumer guide to disputing credit card charges ([https://www.](https://www.consumer.ftc.gov/articles/0219-disputing-credit-card-charges)

[consumer.ftc.gov/articles/0219-disputing-credit-card-charges](https://www.consumer.ftc.gov/articles/0219-disputing-credit-card-charges))

- **Consumer Financial Protection Bureau (CFPB)**—Accepts complaints against financial institutions, including payment card issuers (if, for example, you believe you were treated unfairly in a dispute you lost) (<http://www.consumer-finance.gov>)
- **National Association of Consumer Advocates (NACA)**—Allows you to search for attorneys by area of legal specialty and state should you choose to pursue your case in court (<http://www.consumeradvocates.org/find-an-attorney>)
- **eConsumer Services**—Sponsor of these educational materials and a provider of online dispute mediation for shoppers (free if you shopped with one of their “endorsed” merchants, or \$2.00 if you shopped with a merchant not on their list and the process takes more than 24 hours to complete) (<http://www.econsumerservices.com>)
- **Consumer Action**—Offers free materials on a variety of consumer and personal finance topics, including *How to Complain*, a comprehensive booklet designed to help you complain effectively and get results ([http://www.consumer-action.org/english/articles/how\\_to\\_complain](http://www.consumer-action.org/english/articles/how_to_complain))

### KNOW YOUR RIGHTS (EXERCISE) (15 minutes)

**Assign** participants to work on the six online shopping scenarios on pages 17-18 of the lesson plan. Ask for volunteers to share their answers. (Answer key is on pages 19-20.)

### QUESTIONS AND ANSWERS (10 minutes)


**Preparation:** Review the two brochures and the trainer’s manual (backgrounder/Q&A). Open the floor to questions.

### WRAP-UP AND EVALUATION (5 minutes)

#### ➔ SLIDE #13

**Congratulations!**

You’ve completed the training.



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See page 21 of this lesson plan for the course evaluation form and instructions.

Thank participants for joining you today and ask them to fill out the evaluation form and leave it on a table or in a large envelope you provide. If you will be conducting other trainings at a specific future time, announce that now and encourage everyone to attend.



## Safe and savvy online shopping (exercise)

Fill in the blanks from the choices at the bottom of the page to complete the following statements.

- 1) The best way to keep others out of your device or accounts is to \_\_\_\_\_ them.
- 2) A strong password should be at least \_\_\_\_\_ characters long, and include a random mix of letters, numbers and symbols.
- 3) \_\_\_\_\_ requires two pieces of information to access the account.
- 4) Avoid conducting financial transactions in public \_\_\_\_\_ or on a shared (public) computer.
- 5) Signs that a website is secure include a padlock, a green address bar and a(n) \_\_\_\_\_.
- 6) A \_\_\_\_\_ explains how customers' personal information is collected, used and stored.
- 7) A \_\_\_\_\_ card offers the greatest protection when shopping online.
- 8) The \_\_\_\_\_ gives credit card users the right to withhold payment of the purchase amount while the card issuer investigates a dispute.
- 9) \_\_\_\_\_ an unfamiliar merchant before you buy can help you avoid problems.
- 10) A request by the merchant for \_\_\_\_\_ is often the sign of a scam.
- 11) You can avoid some mystery purchases made by your children online by using \_\_\_\_\_.
- 12) An express or implied \_\_\_\_\_ may give you the right to a refund.
- 13) Customer service issues can become \_\_\_\_\_ if the consumer and the merchant can't resolve a problem.
- 14) Unwarranted or illegitimate disputes are sometimes known as \_\_\_\_\_.
- 15) Whenever you are dissatisfied with an online purchase, you should contact the \_\_\_\_\_ first.
- 16) A \_\_\_\_\_ can intervene in a customer/merchant dispute to help negotiate an agreement.
- 17) \_\_\_\_\_ are undesirable to merchants because they reverse the sale and cost them a fee.

refund policy	merchant	FTC	blacklisted	mediator
credit	lock	debit	Wi-Fi	12
guarantee	FCBA	two-factor authentication	mystery purchases	friendly fraud
chargebacks	warranty	eight	card issuer	privacy policy
vetting	disputes	cash	parental controls	HTTPS://

## Answer key: Safe and savvy online shopping

- 1) The best way to keep others out of your device or accounts is to **lock** them.
- 2) A strong password should be at least **eight** characters long, and include a random mix of letters, numbers and symbols.
- 3) **Two-factor authentication** requires two pieces of information to access the account (for example, a password plus a passcode sent to you via text message or email).
- 4) Avoid conducting financial transactions in public **Wi-Fi** or on a shared (public) computer.
- 5) Signs that a website is secure include a padlock, a green address bar and a(n) **HTTPS://**.
- 6) A **privacy policy** explains how customers' personal information is collected, used and stored.
- 7) A **credit** card offers the greatest protection when shopping online.
- 8) The **FCBA** gives credit card users the right to withhold payment of the purchase amount while the card issuer investigates a dispute.
- 9) **Vetting** an unfamiliar merchant before you buy can help you avoid problems.
- 10) A request by the merchant for **cash** is often the sign of a scam.
- 11) You can avoid some mystery purchases made by your children online by using **parental controls**.
- 12) An express or implied **warranty** may give you the right to a refund.
- 13) Customer service issues can become **disputes** if the consumer and the merchant can't resolve a problem.
- 14) Unwarranted or illegitimate disputes are sometimes **friendly fraud**.
- 15) Whenever you are dissatisfied with an online purchase, you should contact the **merchant** first.
- 16) A **mediator** can intervene in a customer/merchant dispute to help negotiate an agreement.
- 17) **Chargebacks** are undesirable to merchants because they increase their cost of doing business.

## Know your rights (exercise)

*For each of the following scenarios, identify the next steps you would take and explain why. Where applicable, point out any particular rights the consumer has under the law.*

**1)** Jax purchased a snowboard from one of his favorite merchants for \$150 on November 25<sup>th</sup>. The very next day, he received a promotional email from the merchant offering “20% off all orders over \$100! (Restrictions apply: To receive a discount, orders must meet the required spending threshold before taxes and shipping. Not valid on clearance items, Salomon brand merchandise or previous orders. Enter the promotion code 2017FUN during checkout. Offer valid on U.S. orders only.)” Jax was disappointed to have lost out on a \$30 discount on his Nike board, so he contacted customer service via online chat and asked if the merchant would credit his credit card account with the 20 percent discount. The representative told him no. If you were Jax, what next step(s) would you take and why? If the merchant doesn’t agree to give Jax the \$30 discount, should he file a dispute with his credit card issuer?

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**2)** Lynda, in the market for some new winter footwear, purchased a pair of lace-up rain boots online. When they arrived, she was thrilled with the style and fit, but the first time she wore them she noticed that her socks were getting wet. This happened the next couple of times that she wore them, prompting her to contact the merchant and request a refund. The merchant refused, saying that returns qualify for an exchange only, not a refund. What would you do next if you were in Lynda’s shoes? Should she file a dispute with her card issuer, or try again with the merchant?

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**3)** Jordan did an online search for some new athletic shoes he’s had his eyes on. He felt like he had struck gold when he found the shoes he wanted at half price—and with free shipping, to boot! To avoid losing out on the deal, Jordan immediately entered his credit card information on the website and waited...and waited. Two weeks later, he still hasn’t received the shoes, and his emails to the merchant have gone unanswered. What do you think went wrong, and what should Jordan do next?

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4) Samantha chose what she thought would be the perfect blue sweater to wear to her graduation. Once she received it and tried it on, she realized that that shade of blue just isn't her color. She contacted the merchant to arrange a return and was told that all sales are final. What are Sam's options now? What could she have done to avoid this situation?

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5) Cody ordered a cart from an online furniture merchant. When it arrived, he realized that the wheels on it are only decorative—they don't roll. He assumed, when he saw the wheels in the photo, that they were functional. The merchant is willing to refund Cody's money if he returns the cart, but is not willing to pay the \$50 in return shipping charges. What are Cody's options? How could Cody or the merchant have avoided this misunderstanding?

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6) Aurora orderered a bracelet for \$114. After she placed the order, she got an email confirmation showing that the price was \$114 plus \$10 in tax and \$5 for shipping, for a total of \$129. When she received her credit card statement four weeks after the order, she was shocked to see that the transaction went through as \$1,129! She contacted the merchant to report the \$1,000 error and received a message back saying the erroneous charge would be reversed and would be reflected on her statement within one to two billing cycles. Aurora doesn't have the extra \$1,000 to pay the bill this month, but if she doesn't, she would have to carry over a balance and be assessed interest charges on her entire balance until the credit is processed. What are her options?

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## Answer key: Know your rights

1) Because Jax purchased the board before receiving the offer, it is pretty clear that the merchant has no obligation to give him the 20% off (“Not valid on...previous orders”). However, many online retailers are willing to do so to keep a customer happy. Given that Jax seems to be a regular customer (“one of his favorite merchants”), and his purchase met all the other requirements, he should make a second request—this time in an email rather than chat. If necessary, he could escalate it to a customer service supervisor, who may be in a better position to make an exception. If it is the merchant’s policy to allow returns and refunds without a restocking fee, Jax could also point out in his request that he could simply place a second order for the board, using the 20% promo code, and then return the first board for a full refund. This is something the merchant would most likely prefer to avoid—the outcome would be the same (a purchase price \$30 lower than full price) but would cost the merchant in employee time spent processing the return and restocking the item. Regardless of what the merchant decides, this is not cause for a payment dispute because the facts are very clear, and everything is in writing (the order, the promo and the communications). In such a case, the card issuer or payment processor would almost certainly decide in favor of the merchant.

2) Lynda should contact the merchant again and reference the “implied warranty of merchantability,” which guarantees that a product sold to you will work for its intended purpose. If the boots were marketed specifically as rain boots and/or as waterproof, then they clearly don’t work as advertised if the wearer’s feet get wet. It is possible that if Lynda explains this to the merchant, the company will see her side and refund her money. If the merchant still refuses, Lynda has a legitimate case for a dispute. Before contacting her credit card issuer, however, she might consider mediation—an experienced mediator might be able to convince the merchant that a refund is reasonable under the circumstances. Lynda might also want to complain to a local and/or state consumer protection agency or write a review of her experience to inform other consumers. She can find information about where to complain in Consumer Action’s How to *Complain* guide ([http://www.consumer-action.org/english/articles/how\\_to\\_complain](http://www.consumer-action.org/english/articles/how_to_complain)).

3) Jordan may have ordered from a scam website. Prices/offers that are too good to be true, combined with unresponsive customer service, are telltale signs. This is the danger of buying from a merchant you find in an online search and haven’t carefully vetted. The suspicion that you’ve been defrauded is a legitimate reason to begin the dispute process, so Jordan should contact his credit card issuer now. If he is the victim of fraud—the website was just a ruse for a scammer to collect shoppers’ credit card information—his liability for unauthorized transactions is limited to \$50. (If his card issuer has a zero liability policy, he may be out no money at all.) If the merchant is legitimate, Jordan has the right to dispute the charge under the Fair Credit Billing Act (<https://www.consumer.ftc.gov/articles/0219-disputing-credit-card-charges>), which protects consumers against, among other things, charges for goods and services they didn’t accept or that *weren’t delivered as agreed*. The fact that the merchant has not responded to Jordan’s emails leaves him no other choice than contact the card issuer. This is a good example of why it’s smart for consumers to use a credit card for internet purchases and to check their card activity online throughout the month—to catch fraudulent transactions early, and to be aware of when a merchant has processed a transaction and for how much.

**4)** Assuming the merchant's "All sales are final" policy was posted, Samantha really doesn't have any option other than trying to convince the merchant to make an exception. If the merchant's policy was *not* posted, however, Samantha might be protected by state law, though such laws are not always clear about how they apply to purchases made over state lines (only an issue if the merchant Sandra purchased from is located in a state other than the one where Samantha lives). Examples of state laws governing returns include California's requirement that merchants clearly post their refund policy unless they offer a full cash refund, exchange or store credit within seven days of the purchase date. Failing this requirement, customers can return goods for a full refund within 30 days of the purchase. Similarly, Florida merchants that don't offer refunds must post that information. If they don't, customers can return purchases for a full refund within 20 days. Generally speaking, a merchant's return policy is only considered valid if it is prominently displayed at the place of purchase. That includes websites. So if the merchant *didn't* post its policy, Samantha should find out what her state's refund law is (via an online search or her state attorney general's office or department of consumer affairs). If she finds out the merchant violated the law, she should point that out in her next communication with the company. If the merchant still won't budge, and Samantha knows that she is in the right, her next step would be mediation or filing a dispute.

**5)** It's reasonable to assume that wheels roll. Under the "implied warranty of merchantability" (<http://consumer.findlaw.com/consumer-transactions/what-is-the-warranty-of-merchantability.html>) something being "unfit" for its intended purpose might include an item for which a merchant's representation or description is inaccurate. In this case, if the merchant showed a photo of a wheeled cart yet omitted the crucial information that the wheels don't roll, s/he may have violated the implied warranty of merchantability. Cody should inform the merchant that he is considering filing a credit card dispute for this reason. If the merchant still refuses to cover the return shipping charges, Cody could try mediation or go directly into the dispute process. And he should consider filing a complaint with a state or local consumer protection agency. (This case may not be clearcut, however, because the merchant has agreed to refund the purchase amount—just not the shipping charges. The specifics of the law can vary based on case and location.) There's not much Cody could have done to avoid this problem, since it was reasonable to assume the wheels work. But the merchant could have avoided the issue by specifying in the online description that the wheels are only decorative.

**6)** Aurora should let the merchant know that it is unreasonable to expect her to carry this balance for such a long period and explain how the merchant's mistake and slow response will actually cost her real dollars (in the form of interest). She should demand that the merchant expedite the credit and say that if it can't do that in time to pay off the bill and avoid carrying over a balance, she will dispute the erroneous charge with the credit card issuer. Under the Fair Credit Billing Act, cardholders have the right to withhold payment of the transaction amount while the card issuer investigates the dispute, and they cannot be charged interest while the dispute is pending. This is another reason why it's wise to pay for online purchases with a credit card. If this transaction had been made using a debit card, that money would be gone from Aurora's account, at least temporarily.

**Training evaluation:  
Savvy online shopping**

Please help us improve future presentations by giving us your opinion of today's class.  
Circle the response that best reflects your feelings about each statement.

**1. I have a better understanding of the risks of online shopping and how to mitigate them.**

Strongly agree      Agree      Disagree      Strongly disagree

**2. I feel better prepared to make wise choices about who I shop with online and how I pay.**

Strongly agree      Agree      Disagree      Strongly disagree

**3. I feel better prepared to avoid or resolve problems related to shopping I do online.**

Strongly agree      Agree      Disagree      Strongly disagree

**4. I have a better understanding of the difference between customer service issues, "friendly fraud" and legitimate disputes.**

Strongly agree      Agree      Disagree      Strongly disagree

**5. I know where to find more information about safe and savvy online shopping and my rights.**

Strongly agree      Agree      Disagree      Strongly disagree

**6. The instructor was well informed.**

Strongly agree      Agree      Disagree      Strongly disagree

**7. The materials I received are easy to read and understand.**

Strongly agree      Agree      Disagree      Strongly disagree

**8. I would like to attend another class like this.**

Strongly agree      Agree      Disagree      Strongly disagree

On a scale of 1 to 10 (10 being the best), how would you rate the training? \_\_\_\_\_

Please let us know how we could improve future trainings (use back, if necessary):

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**Thank you for attending!**