

Client Information

Your Rights As a Consumer

Prepared by the Consumer Law Section



INTRODUCTION

You are a consumer when you buy goods or services or enter into rental, mortgage, loan, or installment transactions for personal, family, or household use. This pamphlet explains some of your rights as a consumer.

GETTING CREDIT

If you are at least eighteen years old, you cannot be refused credit because of your sex, marital status, age, mental retardation, blindness, learning disability, race, color, religion, creed, national origin, ancestry, physical disability, source of income, or sexual orientation. If you are denied credit, you must be told why within thirty days.

If the denial was based on a credit bureau report, you should ask the credit bureau what is in that report. If the information is wrong, you can ask the credit bureau to investigate and correct its files. You also can put your own short explanation into the credit bureau's files.

Married women can have credit and credit records in their own names, separate from their spouses. A creditor cannot require your spouse to co-sign with you as a condition of your receiving credit.

THE COST OF CREDIT

Many lenders and sellers are limited in the interest they may charge. Interest rate limits vary in different transactions. For instance, the general interest rate is twelve percent but more interest can be charged by banks and credit unions. Also, more interest can be charged for credit cards, small loans, and car sales. Second mortgage lenders and brokers are regulated by a special law limiting the "points" and other closing-related fees they can charge.

In most cases where interest is included or where you may pay in five or more installments, the seller or lender must give you enough information to allow you to shop for credit before you enter into an agreement. For example, the seller or lender must tell you how much the finance charge (dollar amount of interest and points) will be and what the annual percentage rate will be so that you can compare rates.

When you make a major purchase, it is wise to shop for credit. Consider borrowing on the cash value of your life insurance, or get a passbook loan. Then check the personal loan rates at your credit union or bank. If you cannot get a loan from any of these places, consider a small loan company or licensed second mortgage lender for credit.

CONTRACTS

A consumer contract, by law, is supposed to be in plain, understandable language. Make sure all promises made to you are put in writing. Do not sign anything without reading it. Take your time. If you have any questions, ask.

If you don't want to agree to a certain term (for instance, default or attorney's fee clauses), cross it out and put your initials next to the part crossed out.

Never sign a contract with blank spaces. Cross them out. Always ask for and keep a copy of anything you sign. Also keep all receipts, warranties, cancelled checks, and other papers.

SALES AT YOUR HOME

You can cancel a magazine sale or any other sale of goods or services made at your home within three business days. The seller is required to give you a notice explaining your cancellation rights. If you cancel in writing within three business days, all your money must be refunded.

Home improvement contracts are included in this law. In addition, home improvement contractors must be licensed by the Department of Consumer Protection.

CREDIT CARD PROTECTIONS

If you dispute the amount of a monthly statement, notify the creditor in writing of the error and ask for correction. Each creditor is required to tell you in writing what procedures to follow if you question your monthly statement.

If you bought something with a credit card and have a dispute with the seller about what you bought, you may not have to pay that part of the bill if you charged more than \$50 to buy the item and you bought it in your home state or within 100 miles of your current address. But first, you must try to resolve your dispute with the seller.

If your credit card is lost or stolen, you are not liable for unauthorized use once you have notified the card issuer; even if the issuer has not been notified your liability cannot exceed \$50. A bank which has issued a credit card cannot take money out of your bank account to pay the debt without a court order or specific authorization. But the bank can take money out of your account to pay a mortgage or installment loan if you are behind in your payments.

WARRANTIES ON GOODS

Express warranties are statements about the merchandise which caused you to buy that merchandise. If these statements are not true, you may cancel the sale (if the misrepresentations are serious) and get back your money, have the goods repaired or replaced at the seller's cost, or deduct your damages.

Most consumer goods also are sold with implied warranties concerning the usability of the product. Connecticut law limits the extent to which a seller can change or remove an implied warranty on a new item.

There is also a federal warranty law which requires the seller to provide you with certain information about product warranties and gives you the right to sue for damages and for your attorney's fees and costs.

Connecticut's "Lemon Laws" protect buyers and lessees of defective new and used cars. Under this law, if the dealer cannot fix a defect in a new car covered by the warranty after a reasonable number of attempts during the applicable period of two years or 18,000 miles from date of delivery to the consumer, whichever happens first, (or if the car is in the repair shop for a cumulative total of thirty days during the applicable period for the same defect), the consumer is entitled to a refund or a new car. For used cars costing \$3,000 or more, dealers must provide a warranty that the car is mechanically operational and sound. Dealers can sell used cars which are priced under \$3,000 or are seven or more years of age "as is" only if they include a specific statement to that effect in large print on the front of the sales contract. Informal arbitration is available to buyers of new cars through the Department of Consumer Protection.

SECURITY INTERESTS

When a seller or lender takes a security interest in your car or furniture, it can repossess the item if you do not pay—and if the repossession is done peacefully.

Upon repossession of furniture, appliances, or a car that cost you \$2,000 or less, the debt is cancelled. When a car that cost more than \$2,000 is repossessed, the bank or seller has to give you certain notices. If there is a difference between the debt and statutory value of the car, the reasonable value of the repossessed car has to be proven, and you may have to pay the difference. It is important to have an attorney represent you if you are sued after repossession because you have many rights; the creditor might have to pay you and your attorney if the creditor has not complied with applicable laws.

CREDIT INSURANCE

Credit insurance insures the seller or lender and pays them the insurance benefits of a credit life or disability insurance policy in the event of their death or disability.

Most sellers and lenders tell you in writing that credit insurance is not required; sometimes they try to make you buy it anyway. Credit insurance is a significant source of profit for a business. You do not have to sign up for credit insurance; you should always ask for comparative prices on credit insurance because a seller may try to sell you a more expensive policy than you need.

UNFAIR PRACTICES

You may feel you have been cheated or misled. There is a general law covering unfair practices which allows you to sue for damages and get your attorney's fees paid too. Unfair practices can include such things as misrepresentation, excessive prices, poor quality merchandise or services, high-pressure sales tactics, and unfair refund policies. If you feel that you have such a claim, you can file a complaint with the Department of Consumer Protection or see an attorney.

DEBT COLLECTION

A creditor or collection agency may not use abusive or deceptive tactics to get you to pay a bill. A collector may not call your neighbors, relatives (other than your spouse), or employer about your debts. The collector may not call at a specified time or place (at your job) if you tell him or her that it is inconvenient. The collector may not contact you at all if you have an attorney or if you tell him or her in writing not to contact you anymore. If you dispute the debt you should let the collector know right away in writing.

WAGE ATTACHMENTS

Sometimes a collector will threaten to take your wages. This cannot be done until after you are sued and a judgment has been entered. The judgment will order you to make weekly payments. If you make those payments, your wages cannot be attached.

Part of your wages cannot be attached at all under Connecticut law; the maximum attachment is twenty-five percent of your disposable income. You can usually reduce an attachment by agreement with the creditor's attorney. Be sure to read the wage

attachment form carefully.

You cannot be fired by your employer for wage attachments unless you have more than seven served in one year.

BANKRUPTCY

If your debts cannot be managed and you want a fresh start, you may declare bankruptcy. Many people in Connecticut use "straight bankruptcy," which cancels most debts. You also might want to consider the "wage earner plan," which lets you pay your debts over a period of time. Filing bankruptcy relieves you of most debts (but not support debts or taxes less than three years old).

Certain assets are exempt, that is, they do not need to be turned over to the bankruptcy court, and you can keep them for your fresh start. It is important to have good legal advice before making a decision about bankruptcy.

Sometimes credit counseling can help you avoid bankruptcy. Call 211 Infoline for information about credit counseling services.

CO-SIGNERS

When you co-sign for someone else, you are fully responsible to pay that debt if the person you co-sign for doesn't pay it. Many people think that co-signing is just a favor for a friend; it is not. It is a commitment to pay the debt in full, so be very careful about co-signing for anyone.

LAYAWAY PLANS

When you buy goods on layaway, the seller must give you a written document describing the goods, the purchase price, and the layaway plan. The seller cannot later increase the price, substitute different goods, or refuse to deliver any goods which have been fully paid for, even if you have more items still on layaway.

If the seller does any of these things, you can cancel the transaction and get all your money back.

REPAIRS

When you are having goods repaired, such as a car, a watch, jewelry, or a TV, you have a right to get a written estimate of the cost of the repair in advance. You can't be charged more than the estimate, and you can get all the replaced parts back.

A repairer must have a sign posted on the premises stating your rights. In the case of cars, you don't have to pay more than the repair estimate unless you agree to do so, and the garage can't refuse to return your car if you pay the estimated price.

MAIL AND TELEPHONE ORDER MERCHANDISE

If you get something through the mail that you did not order, you don't have to pay for it. If you order something through the mail or by telephone, the seller generally has to fill your order within thirty days or ask you whether you want to cancel the order. To protect yourself, use a credit card. Then, if the merchandise is not delivered or is defective, you can explain that to the credit card issuer and refuse to pay. Complaints should be filed with the Federal Trade Commission.

CONSUMER PROTECTION LAWS

There are more than fifty state and federal laws protecting you as a consumer. Only a few of them have been mentioned here. If you have a problem with a consumer transaction, there may well be a law that can help you.

In addition, there are agencies which enforce consumer laws, such as the Connecticut Banking Department, the Department of Consumer Protection, and the Insurance Department. You can register your complaint with the Better Business Bureau or consumer action programs, as well as state licensing agencies.

You should not hesitate to talk to an attorney about your consumer problem. Many of the laws which protect consumers also provide that the consumer's attorney's fees must be paid by the creditor. An attorney can tell whether it will cost you anything to stand up for your rights as a consumer.

