

January 2009

Consumer Alert
Telemarketed Extended Vehicle Warranty Offers

The Financial Institutions Commission (“FICOM”) is aware that residents of British Columbia are receiving unsolicited telephone calls trying to sell extended vehicle warranties. Consumers are warned that these offers may be fraudulent and consumers should be careful before accepting any such offer.

According to complaints received, these offers are being made by phone calls from aggressive telemarketers offering extended warranty plans for vehicles with the caller asking for a credit card number to complete the transaction during the phone conversation. In some other provinces, offers have been made by postcards sent via mail. The offer usually warns the consumer that their existing warranty is about to expire and is designed to convince the consumer to purchase an extended warranty right away.

Warnings of scams involving these types of telephone sales of extended vehicle warranties have been posted on the Canadian Anti-fraud Call Centre (“PhoneBusters”) website:

http://www.phonebusters.com/english/recognizeit_warranty.html

and on the website of the Motor Vehicle Sales Authority of British Columbia:

http://www.mvsabc.com/documents/blt-warrantyscanDec1808_000.pdf

as well as websites of various police and regulatory authorities across Canada and the United States.

Consumers should be aware that only insurance agents appropriately licensed with the Insurance Council of British Columbia (“Insurance Council”) can sell extended vehicle warranties once the car has been purchased and those warranties must be provided by an insurance company authorized by this office. Anyone else trying to sell a warranty after the car has been sold is acting illegally. (Please note, dealerships are permitted to sell a warranty at the time of the sale of the car.)

The Council has a search function on its website that allows a consumer to search for a licensed agent:

<http://www.insurancecouncilofbc.com/PublicWeb/SearchLicensee.aspx>

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A list of currently authorized insurance companies is provided on our website at:

<http://www.fic.gov.bc.ca/responsibilities/insurance/authorizedinsurancecompanies.asp>

FICOM has recently taken regulatory action against the unlicensed companies that FICOM has been able to identify to date ordering them to cease and desist marketing warranties in the province <http://www.fic.gov.bc.ca/pdf/enforcement/trust/fia20090108.pdf>. However, there may be other companies still actively trying to telemarket extended warranties and consumers should be careful before dealing with them.

If a consumer does receive a solicitation from a telemarketer attempting to sell an extended vehicle warranty, that telemarketer should be able to provide sufficient information such as their own name, the name of the insurance agency that they work for, the insurance companies name and the business telephone numbers and mailing addresses for both the seller and the insurance company. This will allow the consumer to independently verify that the consumer is in fact dealing with appropriately licensed insurance agents and authorized insurance companies and to verify the address where payment is being sent.

Do not take the information provided at face value as there have been reports from other jurisdictions that some fraudsters have been using the names of other reputable businesses in their fictitious offer in order to appear legitimate. Further, any legitimate offer should also allow the consumer an opportunity to request a copy of the proposed warranty and review it before making a purchase.

If you are concerned about the legitimacy of one of these offers, please contact FICOM at 604 953-5300 or your local Better Business Bureau.

In addition you can report fraudulent schemes to your local police or to PhoneBusters at 1 888 495-8501 or through the PhoneBusters website at:

<http://www.phonebusters.com/english/reportit.html>