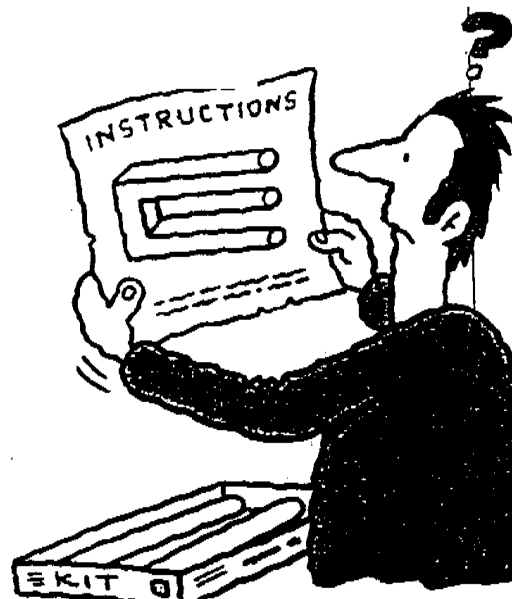


A Practical Guide to Dealing with Misleading Adverts and Bogus Homeworking Schemes



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NATIONAL GROUP ON HOMEWORK- ING

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Misleading Homeworking Schemes - The Facts

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The information contained in this Guide is correct, to the best of our knowledge, at the time of printing.

➤ At present there is no adequate legislation or regulation which protects would-be homeworkers from misleading or bogus homeworking schemes.

➤ Homeworking schemes are not covered by the Sale of Goods Act 1979, The Supply of Goods and Services Act 1992, or The Sale and Supply of Goods Act 1994. Therefore consumers find it difficult to get their money back should the quality of the schemes be lacking. However, homework schemes are covered by The British Codes of Advertising and Sales Promotion 1995: the section on Employment and Business Opportunities sets out what information consumers should be given by companies operating homeworking schemes.

➤ Would-be homeworkers are largely left unaided to negotiate with the individual companies concerned with no guarantee of a satisfactory result.

➤ Misleading homeworking schemes, otherwise known as 'scams', are an increasing problem for those looking for genuine work to do at home.

➤ In 1999, NGH received 826 reports on homeworking scams, resulting in a total loss of £34,965.46 to would-be homeworkers (NGH internal statistics, 1999). These figures are likely to represent only the tip of the iceberg.

The National Group on Homeworking (NGH) is committed to raising awareness of these issues with MP's, Government departments and other policy makers and to work towards changes in legislation which could bring an end to this exploitative practice.

This is a practical guide to what you can do if you have fallen prey to a homeworking scam, as well as what you can do to help by calling for changes in the law.

Misleading Homeworking Schemes - What To Look Out For

There are three main kinds of homeworking scheme or 'scam':

- Directory schemes
- Recruitment schemes
- Kit schemes

Directory schemes often appear in the local and national press or in shop windows. These request people to send a fee, usually of around £15.00, in return for a list of companies offering work to homeworkers. The person looking for work is encouraged to believe that the companies are reputable and offering genuine work opportunities. In fact what people receive for their money is usually a photocopied sheet, or sometimes a booklet, of other adverts for homeworking schemes each asking for a registration fee of anything between £10 and £200. In these cases **there is no guaranteed offer of genuine homework.**

Recruitment schemes tend to appear in shop windows and again ask you to send money, typically £15, for more information on homework opportunities. Typically these ads do not indicate that you will have to advertise yourself, but you are usually requested to place more

advertises in shop windows to recruit more people to the scheme. For each person you recruit, who also sends the company £15, you will typically receive 30p. In other words, the only way to get back even your initial £15, is to help the company con another 50 people. In effect **this is like a pyramid selling scheme where you only receive money if you get involved in the scam yourself.**

Kit schemes again appear in shop windows and the local and national press. They are often targeted at people who are creative, or like practical activities, and tend to have an arts and crafts emphasis. In these cases, people looking for work to do at home are invited to send money to a company in return for a kit which, again, can cost anything between £10 and £200. In return the company will usually send you a kit to make a product which you are led to believe will be bought back from you once it has been completed. The pack may have good materials in it but no assembly instructions, or it may contain sub-standard or inadequate materials to make the product specified. Either way it doesn't matter because whatever you return to the company it is likely to be rejected on the basis that it has failed their quality standards and you will not be paid, nor will you get a refund on your deposit. These companies rarely, if ever, let people know what their quality standards are or, if they do, they are standards that are impossible to achieve. This can also be the case with envelope addressing schemes. Whatever the situation, these companies do not intend for you to be able to earn any money from these schemes.

Please note that this is not an exhaustive list and there may be other kinds of scams which do not fall within these descriptions. No matter how tempting the offer, or how genuine or professional the publicity may seem, **you should never send money to any company offering homeworking opportunities.** Genuine homeworking employers do not use these methods to recruit new workers and you should never have to pay a fee to get paid work.

For more information on how to go about finding genuine homeworking opportunities, please see our publication '**Guidance on How to Look for Homework and Not Lose Money**'.

Misleading Homeworking Schemes - What You Can Do

If you believe that you have been a victim of a misleading homeworking advert or homeworking scam there are a number of things that you can do.

If you have reason to believe that an advertisement is misleading, you should:

➤ Phone the NGH freephone Advice & Information Line on **0800 174095** to report the scam and/or to check the legitimacy of a company.

➤ **Ask the shopkeeper to remove the card from their window** or write to the Advertising Editor of the relevant newspaper asking them to stop running the advert. Ask them what steps they take to ensure that the information given in adverts that they run is genuine.

➤ **Report the company to the Advertising Standards Authority** if you think they have broken the British Codes of Advertising and Sales Promotion by providing misleading information. Their address and telephone number is listed at the back of this guide. Homeworking schemes are mentioned in the specific rules relating to Employment and Business Opportunities which states what information consumers should be given before they decide to participate in a homework scheme. For general guidance on these rules, contact

the Committee on Advertising Practice.

If you have lost money to a misleading homeworking scheme you should:

➤ **Write a letter of complaint** to the company concerned, demanding a refund and threatening the company with civil action through the County Court if you do not get your money back.

Sample Letter Number 1 will help you to do this.

➤ **Send a copy of your letter**, together with copies of the information listed below, to the **Trading Standards Institute (TSI)**. They are able to note the name of the alleged offender and add this to their database of alleged misleading adverts and keep a running total of the number of complaints they receive. This information can be used to press the Institute's case to the Government that changes to existing legislation will be necessary to enable Trading Standards Departments to be more effective in preventing and resolving such unfair trading practices. The information they require is;

1 details of where, and when, you saw the initial advert. Include a copy of it if possible or, if you cannot get hold of a copy of the original advertisement, write down the wording of the advert or as much of it as you can remember

2 the name and address (or other contact details) of the company concerned

3 proof of how much money you sent to the company and details of what you received for your payment, if anything

4 details of what steps you have taken to contact the company about your complaint and any response that you have received.

Sample Letter No.2 will help you to do this.

➤ **Report the company to your local Trading Standards Department**, as well as to the Trading Standards Department in the area where the company is based. You will find their telephone number in your local directory under 'Council' or on the pages where other local authority numbers are listed. Again they will need copies of the information listed above.

➤ **Report the company to the Office of Fair Trading (OFT)**. They have a duty to ensure that businesses operate fairly, legally and responsibly. Their address is listed at the end of this book.

➤ You could also **report the company to the police fraud squad** in both the area where the advertisement appeared and in the area where the company is based. Under certain circumstances, the police may be able to bring criminal charges for theft or for conspiracy to defraud, but only if the intent to do so can be proved. The police will also need copies of all your evidence against the company before they can decide if there is a case to answer (see list above).

➤ **Contact your local Citizens Advice Bureau** or local law centre if you need help and advice in pursuing your case further.

In addition, if you wish to help bring about a change in the law, you could:

➡ **Write a letter to your local Councillors and your MP.** They can use their influence to raise awareness of the issue and of the need for legislation to deal with it. Councillors and MPs usually hold regular 'surgeries' or advice sessions in the area that they represent which you can attend. Details of how to find out about your local Councillors and MP can be found on the last page of this guide.

➡ **Write to the Minister for Consumer Affairs** whose department has responsibility for issues such as this.

Sample letter Number 3 will help you to do this.

REMEMBER - always send copies of your evidence against the company. NEVER send the originals.

NGH is unable to guarantee that you will recover any monies lost to a scheme by following the guidance in this booklet, but you will be raising awareness to the problems by contacting the agencies listed in this guide. Your complaints could lead to a change in the law.

NGH is unable to offer further help and advice nor are we able to take cases on behalf of individuals who have lost money to these schemes.

Sample Letter Number 1

A letter to the company concerned
(*delete as appropriate)

Your address

Company name and address

Date

Dear..... (name of company or contact name)

I saw your advertisement in my local shop window*/newspaper* (name the newspaper)/other place* (state where) and sent you the fee requested of £.....

I sent the money in good faith believing the scheme to be genuine but no longer believe this to be the case for the following reasons (describe what is wrong).

.....
.....
.....
.....

Having sought advice, I believe that you may be breaking the 'British Codes of Advertising and Sales Promotion' by printing misleading information. In addition, I suspect that you may be breaking the law by committing theft or by conspiring to defraud. In view of this, I demand that you return the sum of £..... (insert amount) to me by return of post. If I do not receive a full refund within 7 days from the date of this letter I shall take further action to retrieve my money through the County Court.

Yours
(Signature)

(Print name)

REMEMBER - keep a copy of your letter for your records. Please consult your local CAB or Law Centre for further help and advice on pursuing a claim through the County Court or taking other action against the company.

Sample Letter Number 2
Letter to the Trading Standards Institute

Your address

The Director
TSI
4/5 Hadleigh Business Centre
Hadleigh
Essex SS7 2BT

Date

Dear Sir

I am writing to you to complain about a misleading homeworking scheme. Attached are copies of my evidence against the company concerned.

I am extremely concerned by the fact that such exploitative practices are allowed to go on and would welcome your comments on what your organisation is doing to try to bring an end to this situation.

I understand, from the National Group on Homeworking (NGH), that mine is not an isolated case and that many of these companies are exploiting loopholes in existing legislation and would, therefore, also strongly urge you to work towards changes in the law in order to protect consumers from such unscrupulous homeworking schemes.

I look forward to receiving your reply.
Yours

Signature
(Print name)

REMEMBER - keep a copy of your letter for your records. Also send copies (never the originals) of all your evidence against the company such as;

- ➡ details of where, and when, you saw the initial advert. Include a copy of it if possible or, if you cannot get hold of a copy of the original advertisement, write down the wording of the advert or as much of it as you can remember
- ➡ the name and address (or other contact details) of the company concerned
- ➡ proof of how much money you sent to the company and details of what you received for your payment, if anything
- ➡ details of what steps you have taken to contact the company about your complaint and any response that you have received.

Sample Letter Number 3

A letter to the Minister for Consumer Affairs

Your address

Minister for Competition and Consumer Affairs
Dept. of Trade and Industry
1, Victoria Street
London
SW1H 0ET

Date

Dear Minister

I am writing to you to complain about a misleading homeworking scheme. Attached are copies of my evidence against the company concerned.

I understand that, at present, legislation which is intended to protect consumers, and would-be homeworkers like myself, is inadequate and that companies such as this are able to exploit loopholes in existing laws. I am appalled that such exploitative practices are allowed to continue unregulated and largely unchallenged.

I understand from the National Group on Homeworking that they, and local homeworking projects around the country, have been campaigning on this issue for some time now and would be grateful if you could inform me of what your department is doing to help stop these fraudulent companies from operating, particularly by enacting changes in legislation which would outlaw this practice for good.

Yours

Signature
(Print name)

REMEMBER - keep a copy of your letter for your records.

Useful Contact Addresses

To report misleading advertisements contact;

Advertising Standards Authority (ASA)

Brook House
2 Torrington Place
London WC1E 7HW

Telephone: 020 7580 5555

or you can fill out an online complaint form at www.asa.org.uk/complain/form.asp

For details of your nearest Citizens Advice Bureau (CAB) contact;

National Association of Citizens Advice Bureaux (NACAB)

115-123 Pentonville Road
London N1 9LZ

Telephone: 020 7833 2181

To conduct research on the legitimacy of a company contact;

Companies Registration Office

Companies House
Crown Way
Maindy, Cardiff
Cymru
Telephone: 0870 3333636

For a small fee you can obtain a company's registration number, registered office address, date of incorporation, accounting reference date, end date of latest accounts and latest annual returns. Please note that this only applies to Limited Companies.

To find out **information about your local councillors** contact;

- ➡ your local library
- ➡ town hall
- ➡ Councillors Support Unit (this should be listed in the telephone directory under 'Council' or on the pages where other local authority numbers are listed).

To find out **information about your local MP** contact;

Parliamentary Public Information
1 Derby Gate
Westminster
London SW1A 2DG

Telephone: 020 7219 4272

Other useful contacts are;

The National Consumer Council

Legal Dept.
20 Grosvenor Gardens
London SW1W 0DH

Telephone: 020 7730 3469

The Office of Fair Trading

Field House
15-25 Bream's Buildings
London EC4A 1PR

Telephone: 020 7211 8000

NGH will endeavour to deal with your enquiries promptly and accurately and will treat all information given with complete confidence. If you require details of our complaints and confidentiality procedures, or any other NGH publications, please contact:

NGH

Office 26
30-38 Dock Street
Leeds LS10 1JF.
e-mail: homeworking@gn.apc.org
website: www.gn.apc.org/homeworking

