

Protecting Wisconsin Consumers for 75 Years

Magazine sales

Thousands of consumers buy magazine subscriptions from legitimate sellers every year. There are hundreds of magazines on the market covering a huge variety of subjects.

Unfortunately, many consumers report problems related to magazine purchases, ranging from unfair selling practices to billing errors to scams. Following is a description of the problems being reported and some suggestions on how to avoid them.

Sweepstakes offers

“You may be our next ten million dollar winner; just enter our sweepstakes!”

Offers like this show up in the mailboxes of Wisconsin consumers on a regular basis. Magazine sellers and clearinghouses offer sweepstakes prizes as a way to attract new customers. They tell you how easy it is to enter, and that no purchase is necessary.

The promotions give the appearance that the more magazines you order, the closer you are to winning the grand prize.

The purpose behind these sweepstakes is to get consumers to buy more magazines. Although in most contests someone will eventually win, chances are it will not be you. With such a slim chance of winning, entering may be more trouble than it is worth.

Another problem faced by consumers who just want to enter the sweepstakes is that they soon find themselves with bills for magazines they never ordered. If you do decide to participate in the sweepstakes, keep good records and do not be intimidated into making a purchase. Some magazines tell those who do not order anything that they will no longer be on the list for future sweepstakes.

Remember, you do not have to pay to play. This means that if you submit an entry, you must have an equal chance of winning, even if you do not purchase a magazine. It is illegal to ask you to pay or buy something to enter or increase your odds of winning a sweepstakes.

Door-to-door sales

Another area of concern is door-to-door sales. Some sellers use deceptive practices in order to sell magazines. Some people selling magazine subscriptions

will say anything to get inside your home.

State law requires that sellers give you their name, the name of the company, and the type of product or service being offered for sale. Sellers might misrepresent themselves, saying that they are involved in contests or scholarship competitions, when the main objective is to make a sale. Some door-to-door sellers are very good at persuading you to buy products you do not really need. These sellers try to pick up clues about what hobbies and interests you have by looking at things in your home. They work that into their sales pitch and try to promote specific magazines. Other sellers falsely tell you they have sold magazines to a neighbor in order to gain credibility.

If you are interested in buying a magazine subscription make sure the seller gives you the total price, including tax, and any credit or finance charges. Also be sure any special conditions and payment schedules are clearly described.

Review written agreements very closely. Read the entire sales contract. Be careful that what was said by a salesperson is actually

included in the contract. There should not be any blank spaces on the contract where additional terms could be added later. Keep a copy of any written documents exchanged between you and the seller. Often this is the only proof that the sale occurred.

The contract should include:

- Date of sale.
- Seller's name and street address.
- Phone number of company.
- A notice of cancellation form explaining your three-day right to cancel.

Remember, any paper you sign can be a legally binding contract.

The Bureau of Consumer Protection has received complaints from Wisconsin consumers who ordered magazines from door-to-door sellers and never received their subscription. The best response when a magazine salesperson knocks on your door is to keep it closed and say no thanks. If you want a magazine subscription, order directly from the publisher.

Telephone sales

Telemarketing has become an easy way for magazine sellers to contact customers. Consumers need to be careful when handling sales over the phone. Some telemarketers avoid identifying themselves as sellers. Others ask for credit card numbers for "verification," or claim their company is "approved" by the government, when no agency exists for this purpose.

Before the seller makes their pitch, they must inform you the name of the principal seller, the name of the individual making the call, and that the seller is offering or promoting the sale of magazine subscriptions. If they do not disclose this information immediately after saying hello, hang up, they are breaking the law.

When offered a bargain over the phone:

- Listen carefully. Ask for the total cost, the time period covered and the individual subscription cost.
- Get the name, street address, and phone number of the company.
- Ask for a written copy of the sales terms.
- Keep information about your bank accounts and credit cards to yourself – unless you know who you are dealing with. Solicitors may ask for your credit card info for "verification", "qualification", or "computer purposes". If given, it may be used to debit your account without your permission.

Cancelling subscriptions

Wisconsin citizens have the right to cancel certain consumer transactions within three business days. The three-day right to cancel applies to transactions initiated through face-to-face contact (for instance, a door-to-door seller) away from the seller's regular place of business. It also applies to mail or telephone

solicitations directed to a particular customer.

The purchase must involve credit, or be a cash transaction of \$25 or more. Some magazine sellers insist on a partial cash payment, often \$24.99, fail to provide the right to cancel notice, and bill the customer for the remaining balance. Since the total amount of the sale is in excess of \$25, the three-day right to cancel still applies.

The law requires a seller to give the customer two copies of a notice explaining the customer's rights. The document should say that you may cancel the agreement by making a written notice to the seller before midnight on the third day after signing the agreement.

On telephone transactions the three-day right to cancel does not start until you actually receive the subscription agreement that explains your right to cancel.

If you want to cancel a subscription you bought on the phone, follow these instructions:

- Watch your mail for the sales agreement; it may come in a plain or "junk mail" type envelope.
- Sign the cancellation notice and return it to the proper address within 3 days. Keep a copy of the signed cancellation notice for your records. Send the original notice by certified or registered mail, so you have proof of your mailing date.
- When you send the cancellation notice, contact your bank or credit card company to stop any

unauthorized payments from your account or to dispute any charges or debits to your account.

The seller has 10 days to refund all payments and cancel any contract.

Remember, if the cancellation period has expired and you paid in full, the company may not be required to refund your money. If you do not make the appropriate payments on time, you could face dunning notices and calls from collection agencies, threats of legal action, or a bad credit rating.

Billing and credit

When problems concerning billing and credit procedures used to sell magazines occur, your first step should be to contact the company as soon as possible (within 60 days after the first bill containing an error is mailed to you) with a written letter. In the letter, include:

- Your name and account number.
- A statement explaining why you feel there is an error in the billing.
- The dollar amount involved.
- The reasons you believe there is a mistake.
- Photocopies of sale slips or other documents.

It is a good idea to send this letter by certified mail, with a return receipt requested. Keep a copy of the letter and all the original documents for your records.

Under the federal Fair Credit Billing Act, the company has 30 days to acknowledge that the letter was received. Within the next 90 days, or two billing periods, whichever is shorter, the creditor must conduct an investigation into the possible error. The company must then correct the mistake, or explain why they believe the bill is correct.

During the investigation, the company is not allowed to damage your credit rating or report you delinquent to anyone. The company is also prohibited from taking legal action against you to try to recover their money.

Negative option plans

“Negative option” is a marketing plan that means “we will keep sending you our product until you tell us to stop.” It becomes the responsibility of the consumer to cancel the order.

When you send in an introductory coupon for a free or “trial” copy of a magazine, you may be committing yourself to a binding contract with the company which requires you to buy a specified amount of merchandise within a limited period of time. If you are dissatisfied with the “trial” product, it becomes your responsibility to contact the company and cancel any future order.

If you fail to notify the company in writing that you are not interested in continuing a subscription, you may find yourself receiving not only lots of magazines, but lots of bills. Too many consumers toss the package on the shelf, or the bill in the wastebasket. Unless

you deal with the problem, the bills will keep coming – each one with a more threatening collection message.

If you enter into an agreement that involves a negative option plan, pay close attention to all the mail you receive from the company. Keep a record of all the orders you place and all the bills you pay. When you decide to cancel a contract after you have complied with all the terms of the agreement, contact the company in writing to cancel future orders.

If possible, send your notification by certified mail. Return unwanted shipments and keep records of dates, how the merchandise was returned, and copies of all correspondence.

If you receive a copy of a magazine and are absolutely certain that no one in your household signed an agreement or agreed to review a “trial” issue, you are under no obligation to make a payment. Consider the item an unsolicited gift. If a bill arrives, however, take the time to write the company and clarify your position.

Beware of phony invoices or renewal notices. The notices come in your mail and look like bills. If you already subscribe to the magazine, check the subscription expiration date. Also check the notice carefully to see if it came from your publisher. If you are not a subscriber and you did not order any magazines, you are not obligated to pay.

Things to remember

When you agree to purchase a subscription, carefully review the

solicitation and sales contract.
Compare the price with what it costs to purchase a subscription directly from the publisher.
Calculate the cost of the subscription for the entire year.

Monthly rates may sound appealing until you realize the total cost is actually several hundred dollars during the course of the year. Know how long the subscription lasts. Keep good records of any contacts between you and the seller.

Do not ignore problems. Notify the company in writing if you want to dispute billings or cancel your subscription.

For more information or to file a complaint, visit our website or contact the Bureau of Consumer Protection.

**Bureau of Consumer Protection
2811 Agriculture Drive
PO Box 8911
Madison WI 53708-8911**

**E-MAIL:
DATCPHotline@wi.gov**

**WEBSITE:
datcp.wi.gov**

**Toll-free in WI:
(800) 422-7128**

(608) 224-4976

FAX: (608) 224-4677

TTY: (608) 224-5058