



Always Read the *small print*

As they conduct financial transactions every day, consumers must learn to navigate an increasingly complex financial system. Contracts are a big part of that system. They can protect us. Or they can trick us, and inflict financial harm on us and our families. To protect themselves, it's important that consumers read contracts carefully and learn how to spot questionable language



CA Department of Business Oversight

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Education and Outreach

The DBO's education and outreach programs provide tools to make smart financial decisions, so consumers can operate safely in the financial marketplace.

Make sure you fully understand what you are purchasing, and what you're not purchasing. Be sure to read the **small print** before you sign a contract.

Good Reasons to Read the Small Print

The devil is in the details. That's a bit of wisdom consumers should remember when they're handed a contract to sign. Read and you'll find out whether the product or service really matches the ads, sales pitch, or what you expect. The small print can tell you the true cost of what you're buying, and reveal how you might have to pay even more in the future under certain conditions. Often,

the small print is where businesses put important disclosures about rates, fees, warranties and your consumer rights.

The same applies to the small print in ads. It's important to look beyond the glitz, the glamour and the large print. Advertisers often use the small print used to hide important elements, such as the terms and conditions of when an offer is available, or the fact the company has the right to change provisions of an offer at any time. Small print often contradicts the larger print in ads, such as when an ad says "pre-approved," but the small print says "subject to approval."

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Insurance

Insurance policies may not fully protect you, or protect you at all, in situations you may assume are covered. For example, depending on the circumstances, your homeowners insurance may not cover the damage to your house caused by fire or weather. You will find the details about when you can and cannot file a claim in your policy's small print exclude situations that would seem to be legitimate reasons to file a claim. For example, small print might disclose that life insurance will not be paid for suspicious deaths, or that homeowners' insurance may not cover arson.

Credit

A credit card company may advertise "0% interest," but the small print reveals this will apply only for a few months. After the short introductory period, the interest rate will increase sharply, and rise even higher if you make a late payment.

Cell Phones

Cell phone ads may offer a "low monthly cost," but the **small print** reveals the added expenses, such as taxes and fees for texting, that will be tacked on to the basic rate. Cell phone contracts commonly lock you in for two years and are usually expensive to cancel. The contract may automatically renew if you upgrade phone equipment or don't cancel the contract within a short time frame.

Warranties

Warranties for many costly items, such as cars or computers, may seem to cover all the work that needs to be done on your vehicle. But the small print often reveals that regular maintenance and most common repairs are excluded.

Ads

Many ads offer a "discounted price" after rebate, but the actual purchase price is in the small print. The customer pays the higher price and then must

complete a complicated process to get the rebate. In many cases, these requirements are nearly impossible to meet, and most rebates are never collected by consumers.

Free Trials

Free offers and "free trials" are frequently misleading. Small print may reveal expensive shipping, handling and processing fees, and that the product will be shipped to you automatically if you do not unsubscribe. Check your bills to make sure you are not charged for products you don't want to buy.

Timeshares

Timeshares may offer enticing "incentives," such as free weekend getaways, if you attend a high-pressure sales presentation. Buyers rarely consider the true cost of the unit, whether it is a good investment, or if it really fits the family's future vacation needs. Small print in the contract may reveal expensive

association dues and cleaning fees, complex scheduling, and restrictions on swapping or selling the timeshare.

Some Positives

Occasionally, the small print may disclose advantages for you! A large ticket item purchased with your credit card may have a free extended warranty that covers you after the manufacturer's warranty expires. Magazine subscriptions, gym and museum memberships, and season ticket purchases might provide extra benefits. These may include free or reduced admission to other venues, and discounts at retail stores, restaurants, car rental companies and hotels.

