

## **A Message from your Local RCMP**

*Posted: March 3, 2010*

### ***Re: "No Credit No Problem" Advance Fee Loans:***

The RCMP regularly receive inquiries for members of the public who advise that they have been received an e-mail or telephone call from someone who promises to consolidate their debt or restructure their finances. Often, the consolidation or restructure requires the use of an additional loan to pay off the outstanding debt.

While there are reputable companies that offer this legitimate service, it is important to carefully consider what you are being asked to provide. Unsolicited e-mails or ads in local newspapers may contain offers to provide loans or credit cards despite bad credit. This is done on the condition that a fee for the service is paid up front. While it is normal for financial institutions to charge interest, it is important to remember that it is illegal in most jurisdictions to charge an up front fee to borrow money. That being said, once you realize the potential that the offer you are considering may be illegal, take time to consider its possible true purpose.

Unsolicited e-mail or SPAM is often used to capture sensitive, financial and/or credit information. Consider the following:

\*If you are being asked to complete an on-line form in order to complete a loan agreement or credit card application, consider the sensitivity of the information that your providing and the potential damage this information could cause if it falls into the wrong hands.

\* If you send money to this company, are you going to receive the loan as promised? Frequently, the offer will stipulate that the fee be paid in manner that is virtually untraceable. Would a reputable financial institution operate this way? Fees that disguised as "insurance", "cost of paperwork" or "processing charges" are cues that the company that your are dealing with may not be legitimate. While reputable companies may charge application and assessment fees, these fees are incorporated into the overall loan and are clearly stipulated in the loan agreement.

\* "No credit, no problem?" It is illogical for a lender to not care about your credit history when determining a loan. A major factor for financial institution's decision to lend out money is the risk it takes that the money may not get paid back. Much of the assurance that you will pay back the loan comes from your credit rating. Would you lend money to someone who just walked up to you on the street?

### **How do I protect myself?**

\* Many times there will be a sense of urgency attached to the offer. Resist the temptation to rush into your decision. Whoever sent the message or made the call can afford to wait. Can you afford not to?

\* Disregard the realistic look of the e-mail or website. Images, logos and trademarks of legitimate companies or agencies can be easily copied.

- \* Contact a reputable financial advisor, accountant or lawyer before deciding to respond.
- \* Keep in mind that there are two ways for a person to be victimized by an 'advance fee loan': First, the loan that was promised never materializes after the fee is paid. Second, the personal information that gets disclosed in the fake application is used for other frauds.
- \* Conduct your own independent research. It is unlikely that you are the sole recipient of the e-mail or telephone call. The experiences of others are often posted on the Internet and can help you make a decision.

Additional information on these tactics and others can be found on the following websites:

[www.rcmp-grc.gc.ca/scams-fraudes](http://www.rcmp-grc.gc.ca/scams-fraudes)  
[www.phonebusters.com](http://www.phonebusters.com)  
[www.recol.ca](http://www.recol.ca)