



THE SAVVY CONSUMER COLUMN

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Bypass extended vehicle warranty scams

NASHVILLE, TN – Have you received a letter in the mail warning that your car warranty is about to expire, despite the fact that your warranty expired three years ago? Although the letter may look like it is being sent from your car dealer or manufacturer, it could be a scam.

Consumers who receive mail or phone calls warning that their car warranty is about to expire should be skeptical. The companies behind the mail and calls may give the impression they represent your car dealer or manufacturer, using phrases such as “motor vehicle notification,” “final warranty notice” or “notice of interruption,” to make the offers seem urgent and to get you to call a toll-free number for more information. Sometimes, they even might have your vehicle’s vehicle identification number, or VIN.

More than likely, these pitches are from unrelated businesses that want to sell you extended warranties, more accurately known as service contracts, which often sell for hundreds or thousands of dollars.

The service contract is a promise to perform (or pay for) certain repairs or services. However, unlike an extended warranty, it can be bought at any time and always costs extra. A warranty, as defined by federal law, is included in the original purchase price of a new car. Used cars may come with some type of warranty as well. The separate and additional cost distinguishes a service contract from a warranty.

If you respond to a call from a business pitching so-called extended warranties, you are likely to hear high-pressure sales tactics, as well as demands for personal financial information and a down payment before you get any details about the service contract. If you buy a service contract, you may find that the company behind it won’t be in business long enough to fulfill its commitments.

To steer clear of scam auto warranty offers:

- Be skeptical if you receive mail offers or phone calls about renewing your vehicle warranty. Your vehicle’s warranty may be far from expiring, or it may have expired already.
- Be alert to fast talkers. Telemarketers pitching auto warranties often use high-pressure tactics to hide their true motives. Most legitimate businesses will give you time and

written information about an offer before asking you to commit to a purchase. As the consumer, remember: You're always in control.

- Never give out personal financial or other sensitive information, such as bank account, credit card or Social Security numbers.
- Be skeptical of any unsolicited calls if the call is a recorded message or if your phone number is on the Do Not Call Registry. You should not receive recorded sales pitches unless you have specifically agreed to accept such calls. The Tennessee Regulatory Authority handles Tennessee's [Do Not Call Registry](#).
- If you are interested in buying a service contract, shop around. Research the company responsible for paying your claims. Service contract sellers (also called brokers) do not decide what repairs are covered under the service contracts they sell and they may assert that they have no further responsibility to you once you buy the service contract.

To file a complaint with the Division of Consumer Affairs, visit <http://tn.gov/consumer/complaint.shtml>.

Consumer Affairs (www.tn.gov/consumer/) is a division of the Department of Commerce and Insurance (www.tn.gov/commerce/), which works to protect consumers while ensuring fair competition for industries and professionals who do business in Tennessee.
