



FRAUD ALERTS

# Summer heating up with advance-fee loan scams

Scammers preying on vulnerable consumers who are in need of quick cash

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Summer has arrived! For many, that means backyard BBQs, road trips, and fireworks. For some, it's a common time to make a big purchase, such as a new car or a family vacation. Recent college grads who don't have the benefit of a grace period on their loans will start seeing their first student loan bills this month, which can be an expensive shock.

Consumers who find themselves needing access to quick cash are vulnerable to scammers offering guaranteed loans, so Fraud.org is issuing a warning this month about one of the most commonly reported scams: advance-fee loans.

In advance-fee loan scams, a consumer might see an ad in a respected publication or receive a phone call or email offering loans or debt consolidation. Scammers often offer "guaranteed" low rates regardless of credit history. The most sophisticated scammers will even provide fake application forms seeking personal information (including Social Security numbers) that can eventually be used to help them commit identity fraud.

In order to get the loan, the consumer must provide an upfront (or advance) fee to cover things like "application fees," "security deposits," or "insurance." Once the fee is paid, the scammer will continue requesting additional fees until the victim catches on, at which point the fraudster will simply disappear without providing the loan.

One victim from Pennsylvania shared his story with Fraud.org after he lost \$1,800 to an advance-fee loan scam.

"[The loan officer] was so believable. After I spent the entire day on the phone with the loan officer, he conned me into buying iTunes gift cards to pay for loan fees and insurance. It was not until my fourth payment with iTunes gift cards that I realized the reality of the situation. There is no one to help and now no money to pay my bills or feed my children."

Advance-fee loan scammers are sneaky but can be patient, taking their time to tactfully lure their victims into the trap. Fortunately, there are things that consumers can do to protect themselves from this scam:

1. **Watch out for anyone offering a loan without a credit check.** Legitimate lenders require a credit check to ensure that the borrower is likely to pay it back. If a lender says, they'll provide a loan without a credit check, beware! There's probably an expensive catch, and it may be a scam.
2. **Never wire money to people you don't know.** Legitimate lenders should not ask for payment via wire transfer. One reason scammers ask for this form of payment is because consumers have little recourse to get their money back if they suspect fraud. If a lender is pressuring you to use a wire transfer service to pay the loan, especially if they are asking you to wire the money to an individual and not a loan company, it is most likely a scam.
3. **Never pay with gift cards.** Legitimate loan companies will never ask you to pay with gift cards, such as iTunes cards.
4. **Never borrow from a lender who is not registered in your state.** All lenders are required to register with each state in which they operate. You can easily check their registration status by contacting your state's attorney general.
5. **Remember, just because they have an advertisement in a respected publication, or a legitimate-looking website does not mean they are real.** Fraudsters know that appearances matter and will often go the extra mile to create a professional-looking ad or website to look convincing and avoid suspicion.

Spotting an advance-fee loan scam can be tricky. If you suspect that you have become a victim, report it immediately. You can file a complaint at [www.Fraud.org](http://www.Fraud.org) via our secure online complaint form. We'll share your complaint with our network of law enforcement and consumer protection agency partners who can put fraudsters behind bars.

Fraud.org is a project of the National Consumers League  
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