

Protecting Wisconsin Consumers for 75 Years

Check overpayment scams: seller beware

Thinking of selling a car or another valuable item through an online auction or your newspaper's classified section? If so, you should know about check overpayment scams.

The scams work like this: Someone responds to your posting or ad, and offers to use a cashier's check, personal check or corporate check to pay for the item you're selling. At the last minute, the so-called buyer (or the buyer's "agent") comes up with a reason for writing the check for more than the purchase price, and asks you to wire back the difference after you deposit the check. You deposit the check and wire the funds back to the "buyers." Later, the check bounces, leaving you liable for the entire amount.

The checks are counterfeit, but good enough to fool unsuspecting bank tellers.

In a different version of the scam, consumers get a check that has their "winnings" from a lottery. They're asked to pay taxes or fees. Sometimes, the sender claims to be trapped in a foreign country without any way to cash the check. Either way, if you deposit the check, you'll lose.

Here's how to avoid a check overpayment scam:

- **Don't accept a check for more than your selling price, no matter how tempting.** Ask the buyer to write the check for the correct amount. If the buyer refuses to send the correct amount, return the check. Don't send the merchandise.
- **Consider an alternative method of payment.** As a seller, you can suggest an escrow service or online payment service. There may be a charge for an escrow service. If the buyer insists on using a particular escrow or online payment service you've never heard of, check it out. Visit its website, and read its terms of agreement and privacy policy. Call the customer service line. If there isn't one or if you call and can't get answers about the service's reliability, don't use the service.
- **If you accept payment by check, ask for a check drawn on a local bank, or a bank with a local branch.** That way, you can make a personal visit to make sure the check is valid. If that's not possible, call the bank where it was purchased and ask if the check is valid. Get the bank's phone number from directory assistance or an Internet site that you know and trust, not from the person who gave you the check.
- **If the buyer insists that you wire back funds, end the transaction immediately.** Legitimate buyers don't pressure you to send money by Western Union or a similar company. In addition, you have little recourse if there's a problem with a wire transaction.
- **Resist any pressure to "act now."** If the buyer's offer is good now, it should be good after the check clears the issuing bank.
- **Throw away any offer that asks you to pay for a prize or a gift.** If it's free or a gift, you shouldn't have to pay for it. Free is free.
- **Resist the urge to enter foreign lotteries.** Most foreign lottery solicitations are phony. What's more, it's illegal to play a foreign lottery through the mail or the telephone.

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

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