

Phone bill ‘cramming’ spikes again

Phantom charges sneaked onto statements across the U.S.

By Bob Sullivan

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Jan. 30 — They call and offer a “free” service, such as a no-cost Web site or Internet yellow pages listing. They trick you into saying “yes” — to just about anything. Sometimes, they don’t even bother calling. And suddenly, there’s an extra \$30 charge on your phone bill. It’s an old scam, known as “cramming,” but there appears to be a fresh epidemic of it. The company at the center of the accusations, ILD Teleservices, says it’s an innocent third-party billing firm. But either way, scores of consumers are hopping mad about \$30, \$50, even \$80 charges that are peppering phone bills all around the country.

To open the system to increased competition, local phone companies have to lease their phone lines to outside firms who want to sell competitive services. It’s perfectly legal for a third-party company to sell a home voice mail service to you, billed through your home phone bill.

But shady telecommunications companies are taking advantage of the fact that local phone companies have no stake in verifying that consumers agreed to pay for such services, so they “cram” charges on phone bills, hoping consumers won’t notice.

That’s what happened to Barbara Williams, of Milton, Pa. She found an \$32.65 that was tacked onto her bill during several months last year.

“I have a gift shop. I got a phone call from a man asking if I would like to have my shop listed in their yellow pages,” she said. “I said, ‘Not if it costs me anything,’ and he said, ‘Oh no, no, it’s free.’ Then they said they wanted to tape me. I forgot about it. Then all of a sudden, on the 7th page of my Verizon bill, I notice the charge.”

Next to the charge are two company names: "Liberty Online" and "ILD Teleservices." The 800 telephone number listed with the charges connects consumers with ILD, which told Williams it was only a third-party billing company, doing work for Liberty Online.

Williams eventually got the charges reversed, but only after several irate phone calls and e-mails.

450 COMPLAINTS TO FCC

Williams is just one of over 100 complainers who found their way to a consumer advocate Web site called RipOffReport.com in recent weeks. And while she has gotten her money back by peppering ILD and Liberty with phone calls, others complain they are still getting billed for services they don't want.

The complaints stem from a variety of phantom tack-on telecommunications services, such as voice mail or Web hosting, from companies with names like Liberty Online, Venus Voicemail, National Online Services, Horizon and ILAB INET. But they all have one thing in common: ILD Teleservices does their billing.

Complaints about ILD aren't just appearing on consumer Web sites. The Federal Communications Commission said it received 457 cramming complaints against ILD Telecommunications between January and December of last year, including 170 in the last three months of the year. ILD Telecommunications is ILD Teleservices' parent firm.

Fred Lloyd, vice president of strategic planning and corporate development for ILD, said his company is merely a go-between that arranges billing for third-party companies that want to provide residential or business telecommunications services. ILD helps companies like Liberty Online construct billing arrangements with home phone carries like Quest and Verizon. Lloyd admits there have been complaints from consumers who say they've being charged for services they never ordered, but said the blame should fall on the third-party firm, not his company.

He added that ILD generates hundreds of thousands of bills each month, and complaints are a tiny fraction of their transactions.

"From time to time, we have some billing questions," he said. "We always work with (customers) on a case by case basis."

Lloyd said he warns third-party companies when there are numerous complaints, and will cancel their billing services if the complaints don't stop. He wouldn't say how many companies have been censured, other than to say "There have been a handful I've had to kick off."

Customers who think they're being crammed can call ILD's 800 number, he said, and the firm will "work on resolving the issue for them."

It wasn't quite that easy for Janie Carstens, who helps run Joe and Mimma's Italian Restaurant and Pizzeria in Yorktown, Va. Her company was charged \$29 for Web services, and another \$50 set-up fee, by ILAB INET and ILD.

"I called up (ILD) to cancel it. They said I had to call INET, at a different number," Carstens said. She was then told to call a third number, where she argued with an operator about whether or not she had consented to the service. Finally, two hours later, the firm agreed to cancel the charge. "I had to spend two hours of my own time straightening it out. That was the part that got me. I could have been doing so many other things, and I'm chasing down \$80. I ended up working until 9 or 10 that night to catch up for the lost time."

SMALL BUSINESSES TARGETED

Mike Kaill of Washington state had a similar experience when ILD-related charges were tacked onto his small business phone line. He spent three months trying to get monthly \$30 charges removed. He finally did, but not before he was threatened by an operator at "Mercury Internet," who said Kaill's credit history would be blemished if he didn't pay.

In fact, Kaill said, several area businesses were hit by the same scheme, suggesting to him that scam artists are attacking whole communities at a time, targeting small businesses.

"One guy had been paying the \$30 since last August," he said.

But Kathy McQuide, vice president of billing services for ILD, said she regularly reviews tape-recorded sales pitches, and "in 99 percent of the cases, they are valid with proper procedures followed." She said that often consumers and small business are to blame for misunderstandings that lead to erroneous sign-ups.

“What I have found in a lot of cases is that a wife will authorize a service without the husband’s knowledge and vice versa,” she said. “In the case of businesses, the employee authorizing the service is not always the same person that receives and reviews the bills.” She reiterated that consumers can call ILD with complaints, and “if there is any room for doubt, ILD or the client will issue full credit.”

WHAT CONSUMERS SHOULD DO

Consumers are responsible for discovering cramming charges on their own; so that means the only safeguard against unwanted fees is detailed examination of the monthly phone bill. But consumers can decrease their chances of getting crammed by carefully reading sweepstakes entries or other junk mail solicitations before filling them out — often they are ruses that serve as permission to switch telephone providers or add services. It also helps to avoid speaking at length with telemarketers.

But the single best defense is to call your local phone company and ask it to shut off “third-party billing.” That prevents companies from adding charges onto local phone bills.

Consumers who have been crammed should carefully save all paperwork and immediately call their local phone provider to dispute the charge. Next, call the provider listed on the bill, and don’t back down if the company claims you authorized the charge.

Don’t pay the charge, either — phone service cannot be disconnected for non-payment of the third-party portion of a phone bill. However, the third-party provider can put their bill into collections, with the possibility that non-payment could end up on a credit report, so it’s important to follow-up with the billing company to be sure the charge is permanently removed