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Online fraudsters preying on Irish consumers

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Consumer bodies warn that scams may be costing Irish economy up to Eur350m
Photograph: The Irish Times

Financial scams could be costing the Irish economy €350 million a year, according to the National Consumer Agency (NCA) and the Office of the Director of Consumer Affairs (ODCA).

One nurse living in the northwest recently handed over €13,000 in the belief that she had won a Spanish lottery.

Releasing a list of "Top 10" scams in advance of April Fool's Day, the consumer watchdogs said that figures suggest £3.5 billion is leaving the British economy annually.

According to Brendan Moylan, deputy director of ODCA, if Irish figures are taken as a tenth of that, it reveals a lucrative business.

"Even if it's only nearly accurate, it's still a massive amount of money," he added.

The true figure is difficult to quantify, he said, because people can be embarrassed to come forward.

However, scams are often so sophisticated that despite public awareness of the problem, people are being caught out regularly.

"If only 1 per cent of targets are duped, that's still a lot of people," he said.

Popular scams include pyramid schemes, bogus holiday clubs and foreign lottery "wins". New scams are appearing regularly.

"In the last week alone, two of our inspectors have 'won' €1.5 million and £640,000 in lotteries," said Mr Moylan.

Lottery scams earn their money by asking people to spend money on premium rate phone calls, and then supposed taxes, banking and customs charges. They are also backed up by convincing documentation.

"The level of sophistication is extraordinary," said Mr Moylan. "And it's not just the vulnerable who are caught. There's a scam for everyone.

"We've had people with PhDs contact our office, as well as large and small businesses. We think we are sophisticated, but these scams are done so well that anyone can be duped."

As part of the campaign, the NCA and ODCA have compiled the top 10 scams on their website, www.consumerconnect.ie.

The public can also log their own experiences and download a podcast that features advice on avoiding scams.

While tighter consumer legislation is on the way, the agencies say there is little that can be done when a person is swindled by a scam based outside of the State.

According to Mr Moylan: "Our message is very simple. Don't be greedy and don't be stupid. If it's too good to be true, then it is. And once the money's gone, we can't get it back."

Scams and shakedowns: the top 10 Consumer bodies warn that scams may be costing Irish economy up to €350m

Lottery and sweepstake scams: They'll say you've won millions of euro, but con you with massive "bank" and "custom" charges.

The "what's your pin code?" scam: Tricksters ask for your bank card password. Even your bank manager wouldn't ask for this.

"Phishing": Using e-mail and false websites to fish for personal bank details.

The "Nigerian letter" scam: The scam could be based anywhere, but will promise you a chunk of a personal fortune if you help transfer funds.

The directory scam: A business gets a false invoice from a directory and is then threatened with debt collectors or legal proceedings. Or, when giving its details, a business may be tricked into signing a contract.

The work-at-home scam: Offers a chance to make money from home, but involves buying materials, after which the work may not "meet the standards" of the supposed company.

The bogus holiday club: While on holiday, you are pressurised to join a holiday club, only to be hit with hidden costs and conditions.

The pyramid scheme: It is estimated that up to €30 million is lost every year through pyramid schemes, in which a financial chain inevitably produces losers.

The misleading prize offer: A phone scam which offers a prize, only for the conditions and charges to mount up.

The premium rate con: You "win" on a free scratch card, but to claim your prize you have to make a lengthy premium rate phone call.

In Ireland these numbers begin with 15.