



OFFICE OF
**FINANCIAL
READINESS**

Consumer Awareness

Instructor Guide

(Updated June 2025)

Lesson: *Consumer Awareness*

This course should take approximately 60 minutes to teach. Through a series of PowerPoint slides, the learners receive information to become more knowledgeable consumers. This course will cover consumer issues including identification and protection from misleading or fraudulent consumer practices, marketing and advertising tactics directed toward the military community, how to make intelligent purchases, identity theft prevention and resolution, and how to manage consumer issues and complaints.

Learning Objectives

At the conclusion of this course, learners should be able to:

- Discuss how to identify misleading and fraudulent consumer practices in marketing and advertising.
- Identify how to make an informed purchase.
- Describe strategies for preventing and coping with identity theft.
- Recognize laws, resources, and procedures to protect their consumer rights.

Learning Activities

This lesson contains the following activities:

- Military Targeted Ads: Class activity in which learners identify advertisements targeting Service members.
- Deter, Detect, Defend: A short quiz where learners apply what they have learned about identifying, avoiding and protecting against consumer scams and fraud.

Content Outline

1. Welcome and Introduction (5 minutes)
 - Welcome
 - Facilitator Introduction
 - Agenda



2. Misleading and Fraudulent Practices (10 minutes)
 - Activity: Military Targeted Ads
 - Consumer advertising techniques
 - Common schemes
 - Why are Service members vulnerable?
3. Smart Purchases (10 minutes)
 - Tips to guide shopping decisions
 - Advantages and disadvantages of payment options
4. Identity Theft (10 minutes)
 - Signs of identity theft
 - Reduce the risk of identity theft
 - Steps to resolve identity theft
 - Activity: Deter, Detect, Defend
5. Military Consumer Protection (15 minutes)
 - Military Lending Act
 - Types of predatory lending practices
 - Servicemembers Civil Relief Act
 - Federal and state protection laws
 - Resolving complaints
 - Sources of support
6. Sources of Help (5 minutes)
 - Websites
 - Additional support and assistance
7. Conclusion (5 minutes)
 - Summary and review
 - Questions

Training Materials

- *Consumer Awareness* Instructor Guide
- *Consumer Awareness* PowerPoint Presentation
- *Military Consumer Awareness* Handout

Using This Instructor Guide

Presenter preparation is the most important part of delivering information. Make sure to familiarize yourself with the



content of the lesson so that you can effectively discuss each key point during the training session. Review the material and practice delivering the content ahead of time to feel comfortable covering the material in your own words.

To use this Instructor Guide, review its various parts and components below.

The **Discussion Points** section contains the key points you must present in the training. Present the information in the order provided. Use the discussion points as a lesson outline. Avoid reading it word-for-word.

An **Instructor Note** guides the instructor in presenting the discussion points. This section also includes specific instructions on using the media, activities for learners, and references to any other documents or content.



This symbol indicates a handout is associated with the content.



This symbol indicates a discussion activity is associated with the content.

Course Preparation

Being prepared for training promotes organization, projects a positive image, and reduces stress. To ensure you are prepared, review the following:

- *Consumer Awareness* PowerPoint Presentation
- References:
 - DoD Instruction 1322.34, *Financial Readiness of Service Members*
 - DoD Instruction 1342.22, *Military Family Readiness*
 - DoD Instruction 1344.07, *Personal Commercial Solicitation on DoD Installations*
- Resources:

- Federal Trade Commission -
<https://www.militaryconsumer.gov/>
- Consumer Financial Protection Bureau -
<https://www.consumerfinance.gov/consumer-tools/educator-tools/servicemembers/>
- Credit reports -
<https://www.annualcreditreport.com>
- The DoD Office of Financial Readiness (FINRED) -
<https://finred.usalearning.gov/>

Instructor Note: The handouts contain additional information and resources. A digital version may be provided to learners via email before or after the course; printed copies are not required. Ensure you are familiar with resources available in the area. Be prepared to share that information with the learners.

Personalize your lesson. Use the white space on the left side of the page to add your own notes and discussion prompts.

You can fill it with:

- Subject matter
- Detailed/technical information
- Instructional strategies and methods
- Personal experiences
- Examples and analogies

Discussion Points

1. Welcome and Introduction

Instructor Note: Display slide 1 and welcome learners to the *Consumer Awareness* lesson.

Say: Welcome to today's lesson on consumer awareness. Today's course aims to help you be a smarter consumer. From understanding and safeguarding against misleading or



Slide 1

fraudulent practices to deciphering marketing tactics tailored to the military community, we will equip you with the knowledge and tools to make informed decisions. We will also explore strategies for making smart purchases, delve into identity theft prevention and resolution, and address how to manage consumer issues and complaints effectively. Lastly, we will focus on some military legal protection laws that provide unique safeguards for you and your family. Consumer education is the key to avoiding bad deals, scams and fraud in the marketplace. This course will help you recognize the warning signs of fraud to help you protect your finances.

Gain learner attention and interest:

- Share a short story about the lesson topic
- Share a surprising fact about the lesson's topic
- Ask learners to write down one thing they hope to learn from attending the training today

Facilitator Introduction

Introduce yourself by providing:

- Your name
- Your experience with the lesson topic, financial counseling experience, and/or professional/educational background

Instructor Note: Read the disclaimer to the group.

Disclaimer: *The information presented in this lesson does not constitute legal, tax, investment, financial, or other advice. This lesson is intended as an informational resource to assist you in identifying or exploring resources and options for managing your personal financial situation.*



Slide 2

2. Agenda

Instructor Note: Display slide 2. Briefly introduce the lesson topics.

Say: In this lesson, we will cover the following topics:

- Misleading and Fraudulent Practices
- Smart Purchases
- Identity Theft
- Military Consumer Protection



Slide 3



3. Activity – Military Targeted Ads

Instructor Note: Display slide 3 with a few military-targeted ads (from magazines, websites, social media, etc.).

Activity: Ask learners to examine the ads and identify ones specifically targeted to the military. You may also prompt learners to open ads on their digital devices to share with the group. Once identified, ask them what it is about the ads that would appeal to Service members. Are any recurring themes, messaging, or appeals used in the ads targeting Service members and families specifically? What emotions or values do the ads appeal to? Ask participants why they think these companies used these images. Ads often have incorrect grooming standards, as we see in these examples. How does this affect your impression of the company?

Say: As you can see marketing and advertising are designed to persuade you to make a purchase. Most marketing campaigns follow a simple formula to get you to buy a product: They get your attention, build your interest and desire, and spur you to action. You could be exposed to as many as 5,000 advertisements daily, depending on your lifestyle. These come at you from all angles – from the billboard and radio ads on your way to work to ads on social media and your favorite websites. We'll talk about marketing tactics in a moment, but the key takeaway from this activity is the importance of examining a potential purchase or contract in detail to ensure it is the best deal for you. By understanding the tactics advertisers employ, you can make more informed decisions and mitigate the influence of targeted advertising. Next, let's review some standard advertising techniques used by businesses.





Slide 4

4. Consumer Advertising Techniques

Instructor Note: Display slide 4. Pick two or three topics from the list below and ask learners to share if they have had experience with these advertising techniques.

Say: Most advertisements use specific techniques based on the product and target audience to get you to buy more in quality or quantity than intended or to spend more than planned. Ads may also try to get you to buy something you neither wanted nor needed and to buy it repeatedly. It's essential to be aware and understand the influence of advertising and not let high-pressure sales tactics influence you to make poor consumer choices.

Here are some of the ways that advertisements will capture your attention, appeal to your logic or emotions and influence your decision to buy a product or service:

- **Affinity marketing** – Attempt to capture the military or veteran community.
- **Beauty appeal** – Beauty attracts us; we are drawn to beautiful people, places, and things.
- **Celebrity endorsement** – Ads will associate a product use with a well-known person.
- **Escape** – Getting away from it all is appealing and desirable.
- **Independence/individuality** – Products are linked to individual decision-making.
- **Intelligence** – Associates the product with smart people who cannot be fooled.
- **Lifestyle** – A product is associated with a particular style of living or way of doing things.
- **Nurture** – These ads associate products with caring for others.
- **Peer approval** – Associates the use of the product with friendship and acceptance.
- **Rebellious** – Associates the products with behaviors or lifestyles that oppose society's norms.

- **Rhetorical question** – This technique asks the consumer a question that demands a response that affirms the product's goodness.
- **Scientific/statistical claim** – Provides scientific proof or experiment, specific numbers, or an impressive-sounding mystery ingredient.
- **Unfinished comparison/claim** – They use phrases like, "Works better in poor driving conditions!" The question you should be asking is "Works better than what?"
- **Meaningless Terms** – Advertisements often employ meaningless terms to make a product sound desirable. These include terms such as "greatly reduced" (from what?), "below cost" (how do they stay in business selling this way?), and "now or never" (which creates a sense of urgency on your part to buy or miss the opportunity). Now-or-never ads are often used in high-pressure sales such as timeshare vacations. Another common term in high-pressure sales is "special purchase," which is usually an excuse to raise the price with unique features and looks.



Slide 5

5. Common Schemes Aimed at Consumers

Instructor Note: Display slide 5.

Say: Despite the consumer alerts, warnings, and consumer education, there still is abundant misleading and illegal business in the marketplace. According to the Federal Trade Commission, consumers reported 2.6 million fraud complaints with a total loss of \$10 billion in 2023. Military consumers reported over 93,000 fraud complaints, including 42,766 imposter scams that cost them over \$178 million. Under the right circumstances, anyone is susceptible to being deceived or cheated. However, fraud is one of the few crimes you can decline to participate in if you recognize the warning signs. Being informed and aware as a consumer can help you avoid potential fraud and scams.

Technological Tools: Scammers may use technology to facilitate their crimes including skimming, ID spoofing, and

phishing schemes. Legitimate businesses will not contact you and ask for your username and password. Do not click on any content in an unsolicited email or text and be cautious with your downloads. Set up two-factor authentication when possible.

Let's review some key terms and examples to increase your awareness.

Misrepresentations: A misrepresentation is not necessarily illegal, but it is confusing. Sellers mislead you by making you believe the deal is different than it is. A key point to remember is that while some business practices may not be ethical, they are not illegal. This is why *caveat emptor* ("let the buyer beware") applies without legal guidance. Be on the lookout for door-to-door sales, sweepstakes prizes and contests, gifts, and merchandise you did not order.

Scams: A scam is an act of exploitation but not necessarily illegal. Scams take advantage of areas where consumer laws do not provide protection. Be wary of free home-inspection deals, get-rich-quick deals, pyramid schemes, work-at-home schemes, Internet-based business opportunities, Internet scams and predatory lending.

Frauds: A fraud is a deliberate deception. It is usually illegal, and there are numerous laws to protect you. Be on the lookout for email fraud, identity theft, goods and services fraud and telemarketing fraud.

Visit <https://www.usa.gov/scams-and-fraud> for useful information including updated material on common scams and frauds to help you stay clear and be a savvy consumer.



Slide 6

6. Why Are Service Members Vulnerable?

Instructor Note: Display slide 6. Ask participants to share why military personnel are targets for consumer predators. After sufficient time is provided for student responses, click the slide to make each bullet point appear.

Say: As you can see there are several possible reasons. Because of some of the unique aspects of military life, consumer predators often target Service members. Many businesses near military installations employ high-pressure sales tactics and can be predatory and unethical in their sales and lending practices. These unscrupulous businesses may advertise in nationally published and widely read news sources geared toward the military community, even though these publications are not official government sources. Additional factors that may make Service members more vulnerable include:

- A steady paycheck and a willingness to spend it.
- Service members may have limited consumer education and are eager to experience new things and places.
- More Service members marry young and may have more significant financial needs.
- Service members' patriotism and military status often make them targets for affinity marketing.

These factors may make the military consumer, especially the inexperienced military consumer, susceptible to scams and fraud in the consumer marketplace.



Slide 7

7. Tips to Guide Shopping Decisions

Instructor Note: Display slide 7.

Say: Being an informed consumer can help you avoid potential pitfalls and scams and empower you to make better decisions. You will be able to recognize deceptive advertising and become more discerning and critical in your decision-making process. Making smart purchases is necessary for consumer awareness, ensuring that you get the best value for your money while avoiding common pitfalls and deceptive practices. Whether shopping for everyday necessities or making a large purchase, making informed decisions that align with your needs and spending plan is important. Remember, spending on a major purchase doesn't mean you have to risk your financial future in the process. It is possible to make a large purchase and still be

smart about it. Strive to be a savvy consumer who considers sales cycles and seasonal discounts when making purchases. Let's review some tips to help you make smart purchasing decisions.

Is it a want or need? Be honest when you ask yourself if this purchase is necessary. For example, you may need a car but consider your requirements first. Do you need a two-door or a four-door car? What type of vehicle will meet your functionality needs? You should be just as excited about making a smart purchase as you are about what you want to buy.

Know what you can afford. Have a spending plan and stick to it. Your spending plan should include your financial goals, which can help you stay on track and avoid impulse buys. Your spending plan can also help you monitor your accounts and detect unusual or potentially fraudulent activity.

Do your homework. Know the product and the merchant before you buy. Never buy anything that you do not understand. Take time to do your research and evaluate how your potential purchase, plus any additional or ongoing costs, fits into your spending plan. Shop around online and in-person to compare prices. Check out your installation exchange and businesses that offer military discounts.

Check the warranty/guarantee. When comparing products and services, don't forget to check the warranty or guarantee which may save you repair or replacement costs in the future. Ask questions to understand if a manufacturer or limited warranty is included in the purchase price and carefully consider the need for an extended warranty at an additional charge.

Get agreements in writing. Keep written agreements as a record for products and services. Save printed and digital receipts as proof of purchase.

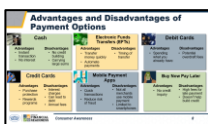


Too good to be true? Things that seem wonderful on the surface can sometimes include hidden costs or contractual obligations. Make sure to read the fine print and understand all of your short and long term responsibilities when making a purchase.

Sleep on it. Wait 24 hours before making a major purchase to help you avoid impulse buying. Do not be rushed into signing anything. If the deal is not good tomorrow, it is not a good deal. Unplanned purchases not only undermine your spending plan, but also mean you have not done any research or comparison shopping, so you may not be getting the best deal for your money.

Picture your future. Your life may be completely different in a year or two. Will your purchase make sense then, or will you regret it? For example, purchasing a large couch or big dining room table may not make sense if you likely will not have space for them at your next duty station.

Chances are high that you'll make many major and routine purchases throughout your life. Don't risk your financial future. Plan and take the time to carefully consider your purchase. Evaluate your needs, review your spending plan, and educate yourself to make wise choices. Remember that today's decisions can make a big difference for your financial future.



Slide 8

8. Advantages and Disadvantages of Payment Options

Instructor Note: Now that we've reviewed how to make smart purchases, let's cover the various payment options available when making purchases and transactions. Understanding these options can help you make informed purchasing decisions that align with your financial goals.

- **Cash:** Paying with cash helps you avoid the extra cost of interest and, depending on your situation, can be a better option than paying with credit. Cash transactions are processed instantly, eliminating the need for waiting

periods or processing. However, cash is not practical or safe for large purchases as it may require carrying large sums of money. Paying by cash has no credit building benefits. Avoid taking cash from your emergency fund to pay for major or routine purchases.

- **Electronic Funds Transfers (EFTs):** EFTs are a digital method to transfer money between people, banks, and companies quickly. You can set up EFTs to automate bill payments, helping to ensure your payments are made on time and prevent late fees or penalties. Be aware that you may not control the precise timing of the transfer, so it is crucial to have enough money available in the account to avoid potential overdraft fees.
- **Debit cards:** Debit cards are convenient, widely accepted, and can be used for in-store and online purchases and ATM withdrawals. It's typically linked to your checking account, so you are spending money that you already have. Costly overdraft fees may be applied if used without sufficient funds in the linked account. Like cash, debit cards do not help you build your credit reputation. Review the terms of use for your account to ensure you are aware of potential fees and restrictions.
- **Credit cards:** Credit cards offer flexibility and convenience. Many offer purchase protection such as extended warranties and fraud liability protection. They may also have reward programs and cash-back incentives. However, carrying a balance on a credit card can result in interest charges, increasing the overall cost of the purchase. Credit cards may also encourage impulse buying or overspending, leading to debt if not managed responsibly. Some cards have annual fees, adding to the cost of using credit.
- **Mobile Payment Apps:** Mobile payment apps allow you to make transactions quickly and securely using your



smartphone. Many mobile payment apps use encryption and tokenization to reduce the risk of fraud. Not all merchants accept mobile payments, and the apps rely on smartphones and internet connectivity. Consumer protection provisions may not apply, so proceed cautiously when making purchases or conducting person-to-person transactions.

- **Buy Now, Pay Later:** This relatively new payment method allows you to purchase products with little or no money down and pay by installment without a credit inquiry. Many companies do not charge interest but will charge a late fee for a missed payment. It doesn't have the same benefits or protections as a credit card and does not help you build a strong credit reputation. When considering any purchase, make sure it fits into your spending plan.



Slide 9

9. Signs of Identity Theft

Instructor Note: Display slide 9. Ask the group if anyone has been a victim of identity theft. How did they discover it and what were the signs? After sufficient time for student responses, click the slide to make each bullet point appear.

Say: Now that we've discussed strategies for making smart purchases, let's focus on another critical aspect of financial security: protecting ourselves from identity theft. According to the FTC, identity theft happens when someone steals and uses your personal information without your permission. Identity theft is a serious problem that can ruin your credit and good name and can take a great deal of time, effort, and money to resolve. The availability of personal information via social media and other means can make it easier for thieves to steal your identity and use it to open credit cards and bank accounts and obtain loans. The results can be disastrous and could affect future creditworthiness, your credit report and job opportunities – every facet of your financial life. In 2023, there were over 1 million reports of identity theft to the FTC. Let's review some warning signs of identity theft.



Slide 10

- Missing bills or statements that fail to arrive in your mailbox
- Unauthorized transactions or withdrawals from your bank account or credit card statements
- Unexpected calls or letters from debt collectors about accounts you don't recognize
- Errors on your credit report like unfamiliar accounts or inquiries
- Unexplained changes to your credit score
- Receiving bills for purchases you did not make
- Denial of credit or loan applications
- Suspicious activity on your social media or email accounts

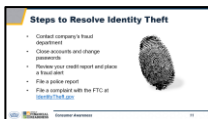
10. How to Reduce the Risk of Identity Theft

Instructor Note: Display slide 10.

Say: Take precautions to protect yourself against becoming a victim of identity theft. If you notice any of the warning signs, it's important to take immediate action to protect yourself from further harm. Deterring identity theft involves protecting your personal information daily. Let's go over some proactive steps to minimize identity theft risk.

- Safeguard your mail. Collect your mail every day and place a hold if you will be away for an extended period. Set up Informed Delivery® notifications at www.usps.com.
- Remember to shred everything. If you are expecting a new or replacement credit card or checks and it is not delivered when expected, notify your financial institution immediately.
- Review your social media accounts and remove identifying information in posts, photos, and platform quizzes or surveys.
- Notify creditors of address updates.
- Opt out of unsolicited credit offers at <https://www.optoutprescreen.com/>

- Safeguard your wallet, identification cards and debit and credit cards.
- Guard your Social Security number and give it out only when absolutely necessary. Keep your card and any other documents that show your Social Security number in a safe place.
- Save your receipts. Keep receipts to verify on your bank statements and shred if not needed for tax purposes.
- Safeguard your checks, bank statements and pay records. Electronic records need to be safeguarded just as you would safeguard hard-copy files.
- Keep your personal identification number (PIN) secret and never write it on the credit/debit card or a slip of paper kept with the card.
- Do not give card numbers to strangers. Confirm whether a person represents a company by calling the phone number on your account statement or on the company's website.
- Don't answer calls or open emails, texts, or social media messages from people you do not know.
- Check credit reports regularly at:
<https://www.annualcreditreport.com/index.action>
- Consider placing active-duty alerts or security freezes on credit reports before deployment.



Slide 11

11. Steps to Resolve Identity Theft

Instructor Note: Display slide 11.

Say: Facing identity theft can be a frightening experience, but with the right knowledge and guidance, you can take decisive steps to resolve and recover. Here are some tips to help you defend against identity theft:

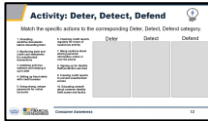
- **Contact companies where the fraud occurred:** Call and speak to the fraud department of each company as soon as you discover it. Follow the company's guidance on notification, which may be a digital submission or in writing and include copies of supporting documents. Send written correspondence via certified mail with

return receipt for documentation. Document all communication and keep copies of all receipts, letters and email communication regarding the identity theft for your records.

- **Close accounts and change passwords:** Close any accounts that have been tampered with or opened fraudulently. Complete steps to dispute the fraudulent transactions. Change passwords, personal identification numbers (PINs), and other log-in credentials. Consider setting up two-factor authentication.
- **Review your credit report and place a fraud alert and credit freeze:** You can check your credit reports for free every week from Equifax, Experian, and TransUnion at <https://www.annualcreditreport.com>. Notate any transactions or accounts you don't recognize. Place a free fraud alert for one year and renew them as needed. Fraud alerts can help prevent identity thieves from opening any more accounts in your name. You can place a fraud alert by contacting one of the three credit nationwide credit bureaus. The company you contact is required to notify the other two credit reporting agencies. You may use a personal representative to place or remove an alert on your behalf. You will receive a confirmation letter from each of the agencies confirming the placement of the fraud alert on your file. A credit or security freeze stops new creditors from accessing your credit file until the freeze is lifted. You have to notify each reporting bureau individually to place the freeze. It stops new accounts from being opened in your name, but you still need to protect your existing accounts from identity theft.
- **File a police report:** The police report will document your identity theft claim. Creditors may try to get you to pay for a debt you did not incur. Credit card companies may require a police report before starting any type of investigation or other action.
- **File a complaint with the Federal Trade Commission:** You can file a complaint with the Federal Trade Commission at 1-877-438-4338 or complete their [online form](#) to report your identity theft. Your information will help you create your Identity Theft Report and recovery plan. You can



provide this report to the police to incorporate into their police report. Both the Identity Theft Report and your police report can help you prove that someone stole your identity and make it easier for you to fix problems caused by identity theft. Learn more at IdentityTheft.gov.



Slide 12



12. Activity – Deter, Detect, and Defend

Instructor Note: Display slide 12 with a list of actions related to identity theft prevention. Encourage participation by randomly calling on learners to classify each action as: Deter, Detect, or Defend. Click the slide to display the matching animation for each action.

Activity: To reinforce understanding of identity theft prevention strategies, learners will match specific actions to the corresponding Deter, Detect, Defend category.

Say: We will review some real-life scenarios to reinforce our understanding of identity theft prevention. I will read each action one at a time and we will match it with the corresponding Deter, Detect, Defend category.

Actions:

1. Shredding sensitive documents before discarding them
2. Monitoring bank and credit card statements for unauthorized transactions
3. Installing antivirus software and keeping it up to date
4. Setting up fraud alerts with credit bureaus
5. Using strong, unique passwords for online accounts
6. Checking credit reports regularly for errors or suspicious activity
7. Being cautious about sharing personal information online or over the phone
8. Signing up for identity theft protection services
9. Freezing credit reports to prevent unauthorized access
10. Educating oneself about common identity theft scams and tactics

Sample Answer Key:

1. Deter
2. Detect
3. Defend
4. Detect
5. Deter
6. Detect
7. Deter
8. Defend
9. Defend
10. Deter



Slide 13

13. Military Legal Protections

Instructor Note: Display slide 13. Ask learners if they can share a personal experience or know someone who has faced challenges with consumer transactions while serving in the military?

Say: Serving in the military comes with many responsibilities and risks, but it also offers certain legal protections designed to support and protect your rights and those of your families. Understanding your legal rights and entitlements is essential for navigating the challenges and opportunities that come with military service and safeguarding your well-being. Let's begin by exploring the Military Lending Act (MLA) and the Servicemembers Civil Relief Act (SCRA); two programs that may provide certain protections while serving in the military.



Slide 14

14. The Military Lending Act (MLA)

Instructor Note: Display slide 14.

Say: The Military Lending Act (MLA) is a federal law designed to protect active-duty Service members and their covered dependents from predatory lending practices. It imposes strict regulations on certain types of consumer loans, including payday loans, vehicle title loans, and tax refund anticipation loans. These loans typically have high interest rates and have



short payback terms. It is intended to protect you and your covered dependents from falling into cycles of debt and financial hardship due to high cost loans with inflated interest rates and fees. Key provisions of the MLA include:

- **Interest rate cap:** The law prohibits lenders from charging more than 36% military annual percentage rate (MAPR), which includes interest, fees, and certain other charges. Loans may not be automatically refinanced or rolled over by the lender.
- **Mandatory arbitration is prohibited:** Lenders cannot require borrowers to submit to mandatory arbitration or waive their rights under applicable consumer protection laws including the Servicemembers Civil Relief Act.
- **Restriction on loan terms:** Certain loan terms, such as prepayment penalties and mandatory allotments are prohibited.
- **Unreasonable notice requirements:** Lenders cannot insert any unreasonable notice requirements into credit agreements as a prerequisite to a borrower's rights to bring legal action against the creditor.

The MLA has been in effect since 2007. Any credit agreement subject to the regulation that fails to comply with this regulation is void and cannot be enforced.



Slide 15

15. Types of Predatory Lending Practices

Instructor Note: Display slide 15.

Say: The MLA regulates three types of predatory lending practices to protect military consumers: payday loans, auto-title loans and refund anticipation loans. These products have high interest rates coupled with short payback terms.

- **Payday Loans** – Payday loans are short-term, high-cost cash loans based on your personal check held for future deposit or electronic access to your bank account. These loans are designed to provide immediate access to cash, with the expectation that the loan will be repaid in full, along with fees and interest by the next pay day. Without

the MLA or other legislation capping the interest, the average annual percentage rate on payday loans can range from 300% to 600% or more.

- **Auto-title Loans** – An auto-title loan is a short-term loan that's usually less than 30 days. Your car title is used to secure the loan. Most title lenders will make the loan only if you do not owe anything on the car. Like payday loans, auto-title loans come with high interest rates and typically do not require a credit check. They rely on your vehicle's value to determine loan eligibility. They are often targeted toward people with bad credit, low income, Service members and the elderly.
- **Refund Anticipation Loans** – These loans offered by tax preparation companies, check-cashing service or other short-term lenders allow you to get an advance on an anticipated tax refund. It is a high-fee, high-interest rate short-term loan. The fees paid to get the quick refund are usually based on a percentage of the refund, so the more you get back, the more the loan will cost. The lender will deduct the loan amount, plus fees and interest directly from the refund proceeds before disbursing the remaining funds to you.

Overall, these types of loans can be expensive and risky. They are designed to trap borrowers in a cycle of debt, which can lead to long-term financial hardship. It's important for Service members and their families to choose alternatives designed to help resolve financial crises, rebuild credit ratings, and establish savings for emergencies.



Slide 16

16. The Servicemembers Civil Relief Act (SCRA)

Instructor Note: Display slide 16.

Say: The Servicemembers Civil Relief Act (SCRA) was originally enacted in 1940 as the Soldiers' and Sailors' Civil Relief Act (SSCRA). The act provides legal protections and financial relief to active-duty Service members and dependents (in some situations). The SCRA aims to ease or eliminate certain financial burdens and legal obligations faced by Service

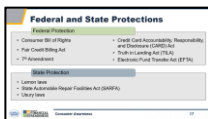
members during periods of active military service. Potential Service member benefits offered under the act include:

- **Interest rate cap:** The SCRA caps the interest rate on pre-service debts to 6%. This applies to mortgages, credit cards, student loans and other types of loans.
- **Lease termination:** Service members have the right to terminate residential and vehicle leases without penalty if they receive orders for a permanent change of station (PCS) or deployment lasting 90 days or more.
- **Termination of cellphone contracts:** Service members who receive orders for a PCS or deployment lasting 90 days or more are eligible to terminate their cellphone contracts without incurring early termination fees or penalties if they relocate to a location that does not support the contract.
- **Protection from eviction:** Landlords are prohibited from evicting Service members and their families from rental properties without a court order while they are on Active-duty.
- **Relief from foreclosures:** Depending on your duty status and situation, the SCRA may provide protection against foreclosure. The SCRA prohibits the “sale, foreclosure, or seizure” without a court order of a Service member’s personal property if the Service member secured the debt before entering military service.
- **Stay of proceedings:** Allows Service members to request a stay of civil proceedings, including lawsuits, foreclosures, and bankruptcy proceedings, if military service materially affects their ability to participate in legal proceedings.
- **Vehicle repossession protection:** Protects against the repossession of vehicles owned by Service members while on active duty, unless a court grants permission based on specific circumstances.
- **Insurance protections:** Prohibits the cancellation of life insurance policies held by Service members while on active duty, except for non-payment of premiums.



- **Installment contracts:** The SCRA gives certain protections against repossessions for installment contracts. If the contract was entered into before going on active duty and at least one payment was made before that time, the creditor cannot repossess the property while the member is on active duty, nor can they terminate the contract for breach without a court order.
- **Income tax deferrals:** Allows eligible Service members to request a deferral of income taxes owed during periods of military service. The deferral extends the deadline for paying taxes beyond the normal due date.
- **Residency for state taxes:** Under certain circumstances, the SCRA prohibits states from taxing Service members and their spouses solely due to their presence in a state because of compliance with military orders.

For a comprehensive discussion of the SCRA, visit <https://www.justice.gov/servicemembers>. You can also visit your installation's legal office for guidance related to your specific situation.



Slide 17

17. Federal and State Protections

Instructor Note: Display slide 17.

Say: Consumers have legal rights at the state and federal level. These laws ensure fair and transparent practices in business, protect from deceptive or fraudulent practices, and provide remedies in case of disputes or violations. By understanding your rights and privileges under federal and state consumer protection laws, you can make more informed decisions, assert your rights when necessary, and seek restoration in case of unfair or deceptive practices. Let's begin by exploring some federal consumer protection laws.

- **Consumer Bill of Rights:** These are general rights of access to product and price information and the right to an informal dispute process.

- **Fair Credit Billing Act:** This applies only to credit purchases and allows you to withhold payment on a disputed product or service. This law allows you to challenge a credit card charge when the charge was unauthorized or is in error, you never received the product, or the product did not perform as promised.
- **7th Amendment (right to trial by jury):** This is the cornerstone of a consumer's right to appeal and is part of the Bill of Rights. Many high-cost contracts have a waiver of the right to court appeal to avoid costs and class action against manufacturers. Never waive this hard-won right by signing a contract without taking it to your installation's legal office first.
- **Credit Card Accountability, Responsibility, and Disclosure (CARD) Act:** This law prevents credit card companies from predatory actions such as teaser rates, excessive fees and charges and the ability to raise your rates with little or no notice. Among additional provisions, the law requires companies to apply payments to the balance with the highest interest rate when there are multiple interest rates on an account.
- **Truth in Lending Act (TILA):** Also known as regulation Z, this law requires lenders to disclose information about all charges and fees associated with a loan.
- **Electronic Fund Transfer Act (EFTA):** It protects individual consumers who engage in electronic transfers including ATM withdrawals and direct deposits while limiting liability for unauthorized transfers.

State consumer protection laws include:

- **Lemon laws:** These laws are also known as motor vehicle warranty enforcement acts or motor vehicle warranty rights acts. They allow you to return a new vehicle that has safety or repeat mechanical or cosmetic problems that constitute a major defect. You are entitled to a refund or a replacement. Some states also have lemon laws regarding used vehicles.
- **State Automobile Repair Facilities Act (SARFA):** This state-level law deals specifically with businesses that



repair vehicles. The laws, which vary from state to state, may deal with issues such as required disclosures on written estimates, unauthorized charges, invoices, disposition of replaced parts and unlawful acts and practices. Contact your state attorney general to find out whether your state has an auto repair facilities act.

- **Usury laws:** A usury law sets a cap on interest rates. Since no federal limit exists, each state determines its maximum allowable rate. Almost every state has some form of usury law, but there always are businesses that can find their way around them.



Slide 18



18. Resolving Complaints

Instructor Note: Display slide 18 and distribute the *Military Consumer Awareness* Handout. Refer learners to the second page of the handout, which has the information in this section and a sample complaint letter.

Say: Resolving consumer complaints can be a frustrating experience. As Military Service members, you have resources available to help navigate and address these issues effectively. It's important to act immediately if you are unhappy with a product or purchase. Here are some steps you can take to resolve consumer complaints.

- **Contact the seller first:** Start with the salesperson. If that does not solve your complaint, go to the manager. Make sure you have a copy of all of your documentation, a clear description of the problem and the resolution you want. Be calm and clear with the store personnel. Sometimes company policy prevents the manager from giving you the help or remedy you desire. Be patient.
- **Maintain detailed and organized records.** Save all purchase-related paperwork, sales receipts, repair orders, contracts and any letters to or from the company, emails, and keep a log of your conversations and actions that



details who, what, where and when, with the times and results in a digital or physical format.

- **Go to the company president and/or the manufacturer:** If the store manager is unable to help you, write a letter to the president of the company and/or the manufacturer of the product. Try to obtain the store president's name and address from the store manager. Calmly and accurately explain the problem and what action you would like taken. Be brief and to the point. Include all documentation and anything else you need to tell your side of the story. You are starting a paper trail that clearly will show your good-faith efforts to resolve the problem. Sending the letters by certified mail and requesting a return receipt is the best way to verify they were delivered.
- **Contact the appropriate organizations.** This could include trade associations, national consumer organizations, and/or media outlets.
- **Use your consumer advocate resources.** If you still are not satisfied, resources may include:
 - The state attorney general or state office of consumer affairs: This is the primary resource for people who have been the victims of fraud, misrepresentations, and scams. They can take legal action against the company. Find your local office at <https://www.usa.gov/state-attorney-general>.
 - State regulatory and licensing agencies: These agencies are responsible for overseeing and regulating industries and professions within a specific state.
 - Armed Forces Disciplinary Control Board: This is the military's consumer watchdog organization. You can make a report to the local regional board if you believe a company has taken advantage of you because of your military status or it is likely to take advantage of other Service members.



- ## Sources of Support

 - FTMs and PTFCs at your military and family support center
 - Community and anti-financial speculators
 - Military-related organizations
 - CDFE Office of Servicemember Affairs
 - FTC Military Consumer
 - Involutive injury offer





Department of Defense
Department of Veterans Affairs
Department of Justice

Slide 19

Say: The consumer marketplace can be a complicated place. Take advantage of all of the resources available to you to help you make smart purchases. You should be familiar with the following resources:

- 
- OFFICE OF
**FINANCIAL
READINESS**

or transition. Each branch of service has its own relief society dedicated to providing support and assistance.

- **The Consumer Financial Protection Bureau (CFPB) Office of Servicemember Affairs:** They provide resources and tools to help military consumers make informed financial decisions and protect themselves from financial exploitation.
- **FTC Military Consumer:** In addition to being the primary resource for information on identity theft, the FTC's military consumer website <https://www.militaryconsumer.gov/> provides practical tips and resources to help military consumers avoid scams and manage finances.
- **Installation legal office:** Judge advocates staff these offices and play a crucial role in providing legal assistance and support to Service members and their families facing various legal issues.



Slide 20

20. Resources

Instructor Note: Display slide 20.

Familiarize yourself with the resources available at the websites listed below.

Say: There are many resources available to increase military consumer awareness including the following websites and local support.

- Websites:
 - Federal Trade Commission
<https://www.militaryconsumer.gov/>
 - Federal Trade Commission Identity theft
<https://www.identitytheft.gov/#/>
 - Consumer Financial Protection Bureau
<https://www.consumerfinance.gov/consumer-tools/educator-tools/servicemembers/>
 - Servicemembers Civil Relief Act
<https://www.justice.gov/servicemembers>



- Credit reports
<https://www.annualcreditreport.com>
- Equifax Military Credit Monitoring
<https://www.equifax.com/personal/military-credit-monitoring>
- Experian Military Credit Monitoring
<https://www.experian.com/lp/military.html>
- TransUnion Active-Duty Military Credit Center
<https://www.transunion.com/active-duty-military-credit-center>
- The Office of Financial Readiness (FINRED)
<https://finred.usalearning.gov>
- Military OneSource
<https://www.militaryonesource.mil/>
- Coast Guard Support
<https://www.cgsuprt.com/>



Slide 21

21. Conclusion

Instructor Note: Display slide 21.

Say: Military consumer awareness is crucial in safeguarding yours and your family's financial well-being. Being informed about consumer rights, protections and resources available will help you make more informed financial decisions and protect yourself from fraud and exploitation.

In review, we covered how to recognize misleading and fraudulent practices, making smart purchases, signs of identity theft and how to mitigate and resolve it, military consumer protections, and helpful resources.

Does anyone have any final questions about the information we covered today?

Thank you for your participation!

