

Victoria Essential Learning Standards

Module 4 Consumer protection



Financial Literacy
Curriculum Resource
2008 Revised Edition

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Introduction

The Commonwealth Bank has been supporting education for more than 70 years, since the introduction of school banking in 1931. In 2003, we strengthened our commitment to education through the establishment of the Commonwealth Bank Foundation.

The Foundation seeks to encourage developments in education, particularly the financial literacy skills of young Australians, and aims to create awareness, skill and understanding of the benefits of a more financially literate community.

By helping our young people understand money management, we will empower them to take effective decisions to achieve their financial goals.

With this in mind, we are pleased to announce the availability of a national financial literacy curriculum resource which has been developed to support the teaching of financial literacy in the classroom.

Developed by a National Steering Committee comprising representatives across a broad range of state and territory education departments, sectors and professional teachers' associations, the curriculum materials have been designed to support the teaching of financial literacy in Years 7 to 10.

This practical and relevant curriculum resource has been designed to be easily incorporated into a number of subject areas and has been mapped to the curriculum in each state and territory.

There are twelve modules covering:

- Earning an income
- Spending and saving
- Consumer decisions
- Consumer protection
- Buying a car
- Financial services
- Managing finances
- Consumer awareness
- Personal investment
- Planning and running a business
- Impact of technology
- Economics of everyday finance

The resource materials can be easily downloaded via the Commonwealth Bank Foundation's website www.commbank.com.au/foundation

We hope you find this resource a valuable tool to use in your classroom.

The Commonwealth Bank Foundation Team



Module 4: Consumer protection

Background scenario

The case studies are developed around two families: the Drivers and their relatives the Fullbricks; as well as their friends and workmates. The Drivers, Ilse and Laurie, have two teenagers: Elizabeth, aged 15, and Nathan, aged 17. Both work part-time. Ilse has ongoing medical problems and Laurie works for a small trucking company. Grandmother Josefina lives with the family. The second family is the Fullbrick family, to whom they are related through Uncle Frank, Ilse's wealthy brother. Frank Fullbrick runs a construction company, and his partner Sella is a marketing manager. Mark is their teenage son.

Royce lives next door to the Drivers and is good friends with Nathan and Elizabeth.

Teacher notes

This topic addresses the following issues:

- processes involved in achieving consumer redress;
- organisations that provide assistance for consumers; and
- remedies and their outcomes.

To help promote discussion on these topics, the following stimulus sheets have been provided:

- H.4.1 Want to complain? How to be successful.
- H.4.2 Scaffold: Letter of complaint.
- H.4.3 Research on customer complaints: food industry.
- H.4.4 Scams.
- H.4.5 Avoiding medical scams.

There are also general teacher notes available at the beginning of each unit.

Key terms and definitions

Consumer	Someone who buys goods and services.
Consumer protection	Laws or rules introduced to stop consumers from being treated unfairly.
Consumer redress	Process of compensation for consumers who receive goods or services that do not meet legal requirements.
Dispute resolution	Solving problems, for example, through mediation.
Invoice	A bill for goods or services.
Pyramid selling	An illegal scheme of hierarchical payments for the benefit of the originators of the scheme.
Receipt	A docket proving payment for goods or services.
Remedy	The solution to a consumer problem, which could mean repair, financial compensation or replacement.
Scam	An offer which is not the real thing or does not exist, for which payment is requested.
Unsolicited goods	Products consumers have not ordered.

Task 1: Consumer redress

Scenario

"That new dog kennel leaked all over Backyard Tasha in last night's storm. Tasha then started barking and woke up the neighbours," Elizabeth moaned.

Ilse sighed, "We only just got it and it looked so nice. Oh well, we'll have to go back to the shop to complain. The labelling said it was waterproof. You know they'll have to give us another one, don't you? We have rights!"

"Yes we do," exclaimed Elizabeth. "My Commerce teacher, Ms Bizz, taught me that the law says:

- Goods must be of reasonable quality.
- Goods must be fit for the purpose.
- Goods must meet the description provided.
- Services must be fulfilled with skill and care."

Student activities

Task 1A. Consumer redress

As a class, discuss the responsibilities of the consumer, the retailer and the manufacturer in this situation. Do the Drivers have grounds for redress (to be compensated because the kennel leaked)?

Task 1B. Complaining successfully

You can find additional information to help you complete this task by going to <http://www.consumersonline.gov.au> Click on "links", then on "state and territory consumer affairs and fair trading" to find a website for your state/territory.

1. Read *H.4.1 Want to complain? How to be successful*, to write a script, which identifies the steps to be taken to solve the problem. It could start like this:
Ilse (at counter of pet shop): "Good morning, I wonder if I could speak to the manager please."
Sales assistant: "No problem, could you just wait here, while I go and get her?"
2. Role-play the script when you have written it.

Task 1C. Reflecting on consumer redress

1. Discuss a situation in which you were not happy about a purchase. What did you do, and what was the outcome of this situation? What would you do differently now?
2. Write an email or letter of complaint to the manufacturer (this is generally done when the problem cannot be solved with the retailer) with reasons related to consumer protection legislation to support your claims. You may like to use *H.4.2 Scaffold: Letter of complaint*.
3. Write a few sentences to explain why most businesses try to satisfy the customer who complains.
4. Read *H.4.3 Research on customer complaints: food industry*. Draw a consequences chart to show what may happen if customer complaints are ignored.

Learning standards

Humanities/Economics Economic knowledge and understanding

Level 4 - Students explain the need to be an informed consumer.

Level 5 - students make informed economic and consumer decisions, demonstrating the development of personal financial literacy.

Level 6 - Students discuss and explain what it means to be an ethical consumer and producer and identify ways values can affect the economic decision making of consumers, producers and governments.

Mathematics Working mathematically

Level 5 - students analyse the reasonableness of points of view and procedures, according to given criteria, and identify limitations or constraints in context.

Level 6 - students investigate situations and solve problems set in a wide range of practical, theoretical and historical contexts, both within Mathematics and across domains.

Task 2: Scams and rip-offs

Teacher notes

This task provides opportunities to address issues related to ethics and values. These issues are beyond the personal financial literacy scope of this unit but may be incorporated according to your state/territory syllabus/curriculum.

The example provided in the scenario is not intended as a “be all and end all” study of scams. It will be helpful to hold a class discussion where students are asked to identify any scams they can think of and perform similar activities to the ones provided for the example. In some cases, teachers may deem it appropriate to use another example of a scam to conduct the activities, depending on students’ experiences.

Students are asked to do a “scam simulation” as the first and last activities for this task. This may contain some terminology that students are not familiar with. If so, it will be a good idea to discuss these as a class while students are working through the activity, as well as discussing deliberately confusing tactics used by scammers.

Scenario

Elizabeth has to find different examples of scams and rip-offs for a school competition to find the “most outrageous” and the “most dangerous” rip-off or scam. She asks Laurie if he has ever been affected by a scam, and when he says yes, she asks what it was.

Laurie tells her about an ad he saw on the Internet for an arthritis cure, which appeared to be supported by many glowing reports from other sufferers. The product cost \$200 but Laurie was in a great deal of pain so he sent in the money. Later, a workmate heard him complaining about how the product had failed. His mate laughed and laughed and said all his friends had been fooled by that one, which was now being reported to the Office of Fair Trading.

Student activities	Learning standards
<p>Task 2A. Class discussion: Scams and rip-offs</p> <p>Read the scenario and discuss with your class:</p> <ul style="list-style-type: none"> • why Laurie may have been taken in by this scam • ways Laurie could have avoided this scam <p>Tips are listed on <i>H.4.4 Scams</i> and <i>H.4.5 Avoiding medical scams</i>, including hints to identify scams.</p> <p>Task 2B. Scam report</p> <p>1. As a class, discuss scams that you know about and research further scams and rip-offs at: http://www.consumersonline.gov.au and http://www.fido.asic.gov.au</p> <p>Select one scam and write a report that:</p> <ul style="list-style-type: none"> • explains how this scam operates • provides examples of how people have been fooled • provides tips to avoid being ripped off by this scam • lists agencies and bodies that can give you assistance if you are caught in a scam 	<p>Humanities/Economics Economic knowledge and understanding Level 4 - Students explain the need to be an informed consumer. Level 5 - students make informed economic and consumer decisions, demonstrating the development of personal financial literacy. Level 6 - Students discuss and explain what it means to be an ethical consumer and producer and identify ways values can affect the economic decision making of consumers, producers and governments.</p> <p>Mathematics Measurement, chance and data Level 5 - students use</p>

- includes a short rap song or comic strip about scams.
2. Listen to other students' presentations about different scams. List each scam and rank each from most to least outrageous and dangerous.
 3. As a class, discuss what has been learned from other students' reports. You might like to decorate your classroom with all the rap songs and comic strips or publish them in your school newsletter.

Task 2C. Scam debate

Undertake a class debate related to the ethics of scams and rip-offs:

Scams are just schemes by people trying to make a living for themselves and their family.

appropriate technology to generate random numbers for simple simulations
 Level 6 - students generate data using surveys, experiments, simulations and sampling procedures.

Working mathematically

Level 5 - students analyse the reasonableness of points of view and procedures, according to given criteria, and identify limitations or constraints in context.

Level 6 - students investigate situations and solve problems set in a wide range of practical, theoretical and historical contexts, both within Mathematics and across domains.

H.4.1 Want to complain? How to be successful

- Keep receipts, invoices and bills as proof of purchase.
- Examine conditions of use on a product, e.g. whether it is “waterproof” or “windproof”, and any warranty or guarantee conditions. If using a service you have a right to work being carried out with due care and skill.
- Check that you have followed the correct instructions in using the good.
- Try to notify the seller as soon as possible of defects or problems.
- Work out whether it is a major defect or minor defect. This may influence your decision to ask for repairs, a refund or replacement. Be clear about how you want the problem resolved.
- Visit or ring the trader and explain your problem giving all the details of the product, e.g. name, brand, date of purchase, price paid and sales docket.
- Keep a record of the name and position of people you speak to and their comments. Try to talk to the manager of the business. Be calm when you talk to people.
- Write to the trader if personal contact is unsuccessful. Allow the trader a reasonable time frame to fix the problem.
- Contact the industry association for information or advice.
- If these approaches are unsuccessful, contact the Office of Fair Trading, providing the traders details in addition to your own. The Office will advise you and help to resolve the matter: perhaps through seeking mutual agreement; or the matter may be referred to tribunals, legal advisers or other government departments.
- If the Office of Fair Trading finds the law has been broken, it may act to protect other consumers too.

When are you not likely to be successful?

- When you do not have proof of purchase.
- When you just change your mind.
- When you have caused the fault.
- When you take too long to report the fault.
- When you knew, or should have known, about a fault because you bought a “factory second” (unless it is another fault you could not have discovered when buying the product).

H.4.2 Scaffold: Letter of complaint

[Your name]
[Your address]

Customer Services Manager
[Company name]
[Company address]

To whom it may concern

Re: [Account number/goods purchased]

On [date] I bought [full details of product] at [location]....[other details, e.g. name of sales assistant].

I am disappointed because the [product] has/have not performed as expected/was faulty. [Outline the problem in detail.]

This product is therefore not of satisfactory quality/fit for the purpose described.

To resolve the problem, I request that you [state the action that you require e.g. refund, repair.] Enclosed is a copy/copies of the receipt/contract.

I look forward to hearing from you and to a resolution to this problem. I would ask that you respond to my request by [reasonable date, this will vary depending on the company]. If we are unable to resolve this matter I will refer it to the Office of Fair Trading for their intervention.

Please contact me at the above address or by telephone [give numbers].

Yours sincerely

[Signature]
[Print your name]
[Date]

Source: NSW Department of Fair Trading

H.4.3 Research on customer complaints: food industry

Time Manager International (TMI) Australia released its *National Complaints Culture Survey 2001* after surveying 33 Australian business employees. TMI is part of a global organisation and the Australian results form part of an international survey. The results are outlined below.

- 50% of the respondents expect that companies should be able to resolve their complaint on the same day it was made.
- Most businesses agree that “today’s customers are more demanding”.
- Customer aggression and rage are increasing and customer service staff have inadequate skills to cope with irate customers.
- 11% of the TMI businesses believe the companies they deal with welcome their complaints and see them as an opportunity to improve.
- One sign of the times is that the use of email and the Internet for registering complaints has risen by 300%.
- 96% of Australians tell others of a good experience with a company, compared to an international average of 91%.
- 94% of us pass on a bad experience compared to 88% internationally.

Source:

http://www.nutritionaustralia.org/News_in_Nutrition/Published_Papers/Orations/oration2002.asp

H.4.4 Scams

What are they?

Scams try to trap people into putting money into schemes offering goods or services, which do not exist or are not the real thing.

Scams often pretend they will make you rich or beautiful quickly, and rely on people being too busy, or unskilled, to check the fine details carefully. Therefore they particularly affect the poor, elderly, uneducated, or those lacking English skills. Typical scams now also use email and include:

- pyramid schemes, where you must sign up friends and their money
- “too-good-to-be-true” offers
- lotteries or contests that require you to pay money to get the prize
- false billing, where people are billed for services or goods they did not order
- fake medical cures
- real estate scams
- mail order goods you haven’t requested
- door-to-door scams
- bogus or illegal medication
- weight-loss programs and other related tricks
- any unsolicited offers or requests for money
- personalised faxes or emails from people or businesses you don’t know. Spam emails may even masquerade as being from well-known banks or businesses, and ask you to give your password or PIN to access your accounts. Government authorities quickly take action in such cases.

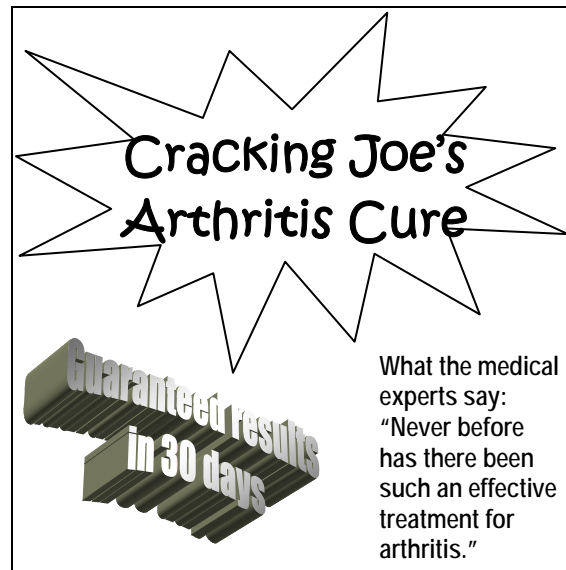
What to look out for:

- demands for payments before you receive the product
- requests for your bank account details
- lack of detailed contact information or business street addresses, contacts who try to discourage you from seeking independent advice
- offers of something for nothing; or offers that seem too good to be true or can’t wait until tomorrow
- messages that use exclamation marks and CAPITAL LETTERS for emphasis, often with poor spelling or grammar
- glowing testimonials used to create an impression of success with many people
- disclaimers such as “this is not a scam” (legitimate offers do not contain these statements)
- promises of instant wealth or income
- websites with poor graphics, strange web addresses or dead links to pages that should be there, such as ones with terms and conditions

How to protect yourself:

- Delete spam or use a spam filter on your email inbox.
 - Check <http://www.asic.gov.au>, <http://www.accc.gov.au> or www.econsumer.gov and Offices of Fair Trading to see if it is a well-known scam.
 - Internet searches and listings of “bad traders” may help.
 - Report a scam to the ACCC Infocentre on 1300 302 502.
- © <http://www.accc.gov.au>. Commonwealth of Australia 2003.

H.4.5 Avoiding medical scams



How can you tell? It may be a scam if it:

- is advertised as a cure for many illnesses
- diagnoses medical conditions from a computer quiz
- is not available from normal retail outlets
- uses a famous "guru" or figure to promote the product (remember that many legitimate products and services are also promoted by celebrities)
- says it has special properties with certain unusual ingredients
- provides no scientific research to back it up
- provides no offer to discuss the matters with medical contacts
- does not offer a valid and genuine money-back guarantee.

Adapted from <http://www.scamwatch.gov.au>

This website also contains scam checklists for other types of scam.