



NCAC NEWS

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* For further details regarding each topic introduced below, refer to the following URL which contains the actual text of the reports released (PDF files) (Japanese only) :<http://www.kokusen.go.jp/news/news.html>

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* Major abbreviated names: ADR: Alternative Dispute Resolution
NCAC: National Consumer Affairs Center of Japan
PIO-NET: Practical Living Information Online Network System

I. Property damage

1. Elderly persons especially prone to trouble! IP phone-related inquiries and complaints are on the rise

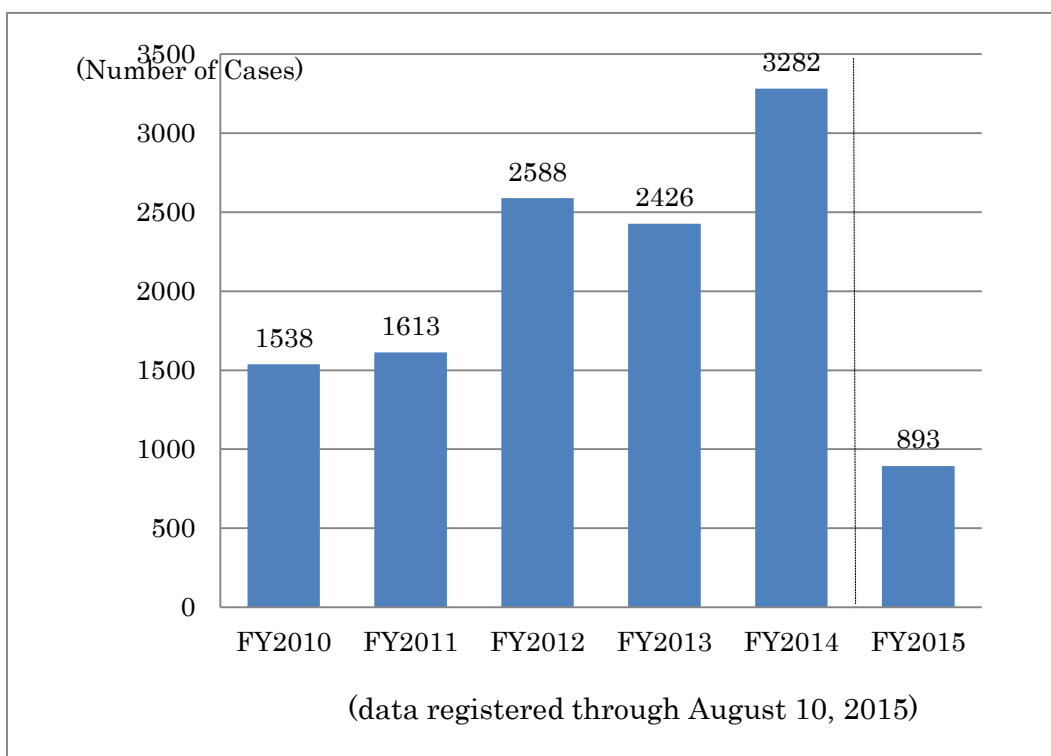
IP phones have spread rapidly in recent years and now make up roughly 60% of fixed-line phone users today.¹ While IP phones are convenient to use, local consumer centers across Japan have received various inquiries and complaints regarding them. In FY2014, the number of inquiries and complaints was roughly twice that of FY2010.

A breakdown of inquiries and complaints reveals that the most inquiries and complaints were received from persons 70 years and older, followed by persons in their 60s. They included solicitation and contract-related troubles (e.g. "I was told over the phone that my service rates would be lower, but they weren't," "I was signed up even though I have no recollection of signing up," etc.), as well as post-contract service-related troubles (e.g. "I was no longer able to use the services I had been using").

¹ Based on published 4th-quarter data for the number and share of telecommunications service contracts (4th quarter (through end of March) for FY2014).

Accordingly NCAC has decided to provide information as well as issue a warning to consumers and an appeal to related organizations by presenting the most recent cases of inquiries and complaints in order to prevent the occurrence and spread of these troubles.

Diagram1. Number of inquiries & complaints over time²



Sampling of inquiries & complaints

- Case 1:** I signed up for an IP phone because I was told my rates would be lower, but they weren't.
(Woman in her 80s)
- Case 2:** I received a sales call on the phone and was signed up for service even though I only requested that they send me information in the mail.
(Man, unknown age)
- Case 3:** After I signed up for an IP phone, etc. during a door-to-door sales call, I discovered that I couldn't access the government's "Emergency Notification" service for senior citizens.
(Woman in her 70s)
- Case 4:** I signed up for an IP phone but my family members are against it, so I want to use the cooling off period.
(Man in his 70s)
- Case 5:** We had problems when the phone at my elderly mother's home, where she lives alone, suddenly wouldn't connect.
(Woman in her 80s)

Concerns raised by sampling of inquiries & complaints

1. Sudden and unexpected sales calls or the like have prompted some consumers to enter into contracts without properly understanding who the other party is or what the contract entails.

² PIO-NET (Practical Living Information Online Network System) connects NCAC and local consumer centers across Japan, etc. through an online database of information on consumer-related inquiries and complaints. The diagram reflects data registered through August 10, 2015.

2. Some consumers have entered into contracts without properly understanding the differences between conventional fixed-line analog phones and IP phones.
3. Some consumers who have entered into contracts during sales calls over the phone, etc. believe they are entitled to a cooling off period.
4. Elderly persons have been especially prone to trouble.

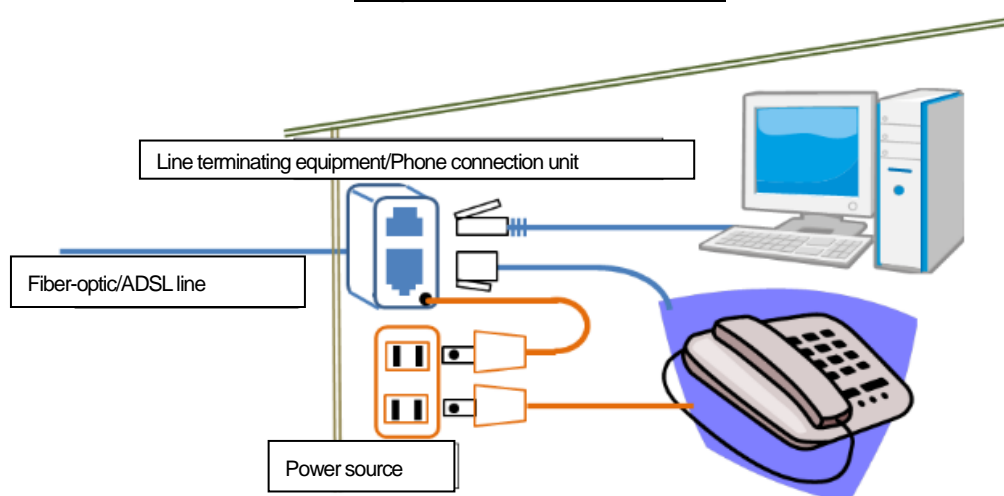
Advice for Consumers

1. If you receive a sales call, do not answer the business immediately. First confirm the contract details and other information with members of your family, etc. And if you do not need it, just refuse.
2. Thoroughly consider your needs, including not just price but also your own intended usage and use environment.
3. Be sure to thoroughly review documents you receive from the telecommunications company.
4. Never forget the importance of always maintaining adequate security measures.
5. If you ever feel nervous, consult with your nearest local consumer center or such agency.

Reference 1: About IP phones

IP phones are used like fixed-line analog phones to make phone calls but they do not use dedicated phone lines. Instead, IP phone services transmit and receive sound using digital signals by connecting over internet lines (e.g. fiber optic) through an IP phone-compatible adapter, IP phone-compatible router, or other such device ("Line terminating equipment/Phone connection unit" in Diagram 2).

Diagram 2. IP Phone Overview



(From the website of the Ministry of Internal Affairs and Communications)

2. Unimaginable charges for cosmetics purchased through an SNS advertisement! Fraudulent overseas businesses selling on Japanese-language sites?!

Numerous inquiries and complaints have been received from consumers who viewed an advertisement on an SNS³ and ordered cosmetics it said were used by famous actresses, only to be charged several times the price of

³ In this document, SNS refers to internet-based "social networking services" on which users register and publish personal profiles that enable them to connect and communicate with friends, acquaintances, and others over the internet.

the actual order.⁴ Cases in which consumers enter contracts based on SNS advertisements are common. The concern is that consumers may land in trouble with fraudulent overseas businesses when they visit sites they regularly use and make purchases without much thought based on advertisements claiming that celebrities use the product.

In June 2015, around 10 inquiries and complaints were received by the Cross-border Consumer Center Japan (CCJ) regarding trouble with fraudulent overseas businesses as described above. In July, that number jumped to around 300 incidents.

To prevent the occurrence and further spread of such troubles, NCAC has decided to present a sampling of such inquiries and complaints and issue a general warning to consumers.

Sampling of inquiries & complaints

Case 1: I linked from an SNS advertisement to a site posing as a TV station where I ordered cosmetics they said were used by a famous actress. I was charged a higher amount than the posted price.

(Woman in her 50s)

Case 2: I accessed a cosmetics mail-order website through an SNS posting and started to place an order. I stopped before completing the order but I still received an order confirmation email.

(Woman in her 40s)

Advice for Consumers

1. Do not enter a contract without careful thought even if you accessed the site through an advertisement on an SNS or other services you use frequently.
 2. Trouble arising from contracts with overseas businesses can be difficult to resolve, so please exercise caution.
 3. In case of trouble, consult your local consumer center.
- The following list is one means of verifying the trustworthiness of internet mail-order businesses. However, this list does not include all current websites. Even if a website does not appear on this list, it is important to carefully determine whether they can be trusted. Consumer Affairs Agency, "List of malicious overseas websites" (http://www.caa.go.jp/adjustments/pdf/151016adjustments_1.pdf)

3. ¥100,000 for a laundry pole?! Trouble from mobile sales on the rise again, especially for elderly women

Local consumer centers across Japan have been receiving significantly greater numbers of inquiries and complaints related to laundry poles and the like. In FY2014 the number was roughly six times greater than six years ago.⁵ About 90% of all such inquiries and complaints are based on mobile sales and the like, in which an automobile stocked with laundry poles, etc. drives around selling them. The number of these inquiries and complaints, which are now 7.5 times greater than six years ago, have been growing steadily (see Diagram 3).⁶

In July 2007, to prevent the occurrence and spread of damage to consumers, NCAC provided information on troubles related to purchases of laundry poles, etc. through mobile sales and the like⁷. In the following year, the number of inquiries and complaints related to laundry poles, etc. for FY2008 fell significantly. Since that time,

⁴ Inquiries and complaints received by local consumer centers across Japan and the Cross-border Consumer Center Japan (CCJ).

⁵ Inquiries and complaints about laundry poles and the like are related almost entirely to laundry poles and drying racks.

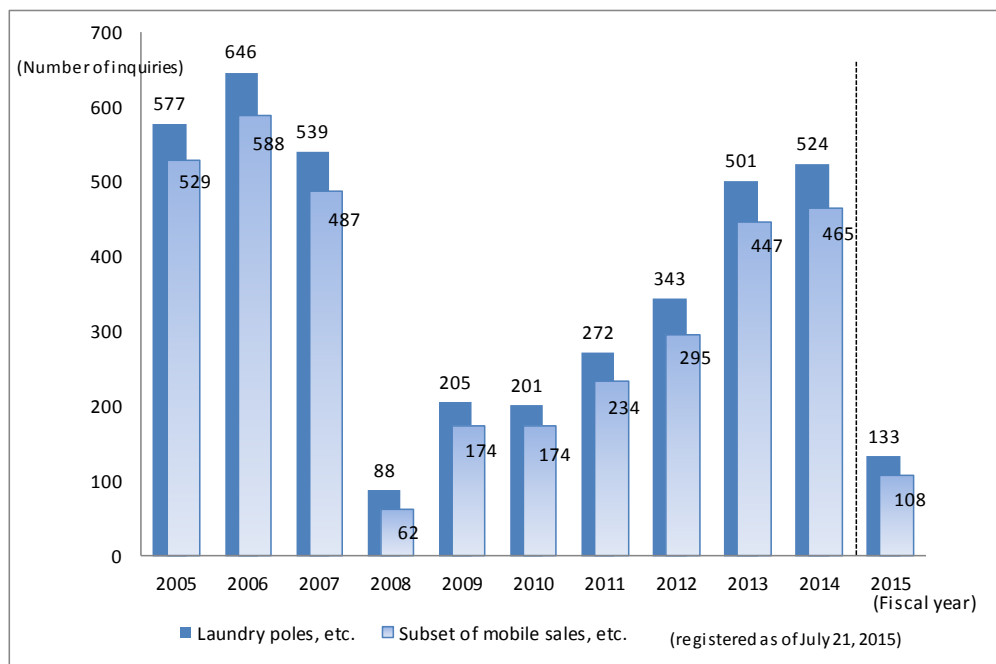
⁶ In this published document, "mobile sales and the like" refers to a type of sales that includes "door-to-door sales" and "other non-store retailing" (e.g. street vending, stalls, mobile sales, etc. and other places like them).

⁷ Similar problems were reported in the article titled "Be careful with problems caused by purchases of laundry poles through traveling sales" on July 5, 2007 by NCAC (English version: NCAC NEWS Vol.19. No.3 http://www.kokusen.go.jp/e-hello/data/ncac_news19_3.pdf).

however, an again growing number of inquiries and complaints have been received from women of various ages, but especially elderly women, who claim they were charged and paid exorbitant amounts.

For elderly persons and women, it is not easy to replace aging laundry poles and drying racks because they can be hard to carry. This makes mobile sales convenient because they can buy laundry poles, etc. right outside their home. Unfortunately, there are businesses that bait consumers with the promise of low prices but then unexpectedly sell them an expensive product and demand payment. To prevent the occurrence and spread of damage to consumers, NCAC has again decided to present a sampling of such unscrupulous businesses and issue this warning.

Diagram 3. Number of inquiries & complaints related to laundry poles, etc. over time



Sampling of inquiries & complaints

Case 1: They cut a pole without asking and charged me an exorbitant amount for a product I hadn't even chosen, and then wouldn't even give me a receipt.

(Woman in her 80s)

Case 2: He said I couldn't return the pole since he had already cut it, so I had to pay him but I'm not satisfied.

(Woman in her 70s)

Case 3: I was supposed to get two poles for 1,000 yen. Instead it was 40,000 yen for one pole. I withdrew the money at a convenience store and paid him.

(Woman in her 70s)

Case 4: The seller charged me way more than the stated price and demanded I pay immediately.

(Woman in her 70s)

Case 5: They charged me an exorbitant amount for a product I hadn't even chosen and then came with me to the bank. The receipt was bogus, too.

(Woman in her 80s)

Concerns raised by sampling of inquiries & complaints

1. Businesses bait consumers with low prices (e.g. two poles for 1,000 yen) but never state the actual sales price and then charge an exorbitant amount.
2. Businesses do not provide a written contract, etc. or explain about "cooling off."
3. Businesses cut the poles, apply pressure, and so forth so to compel consumers to pay. Some even escort consumers to their financial institutions if they do not have cash at home.
4. Businesses operate out of unknown locations, making it virtually impossible to negotiate with them.

Advice for Consumers

1. Get clear confirmation of the sales price and do not pay unless you are satisfied.
2. If refusing is hard, get help from people around you or call 110 from your phone.
3. In some cases, "cooling off" may apply. Consult your local consumer center.

III. Other

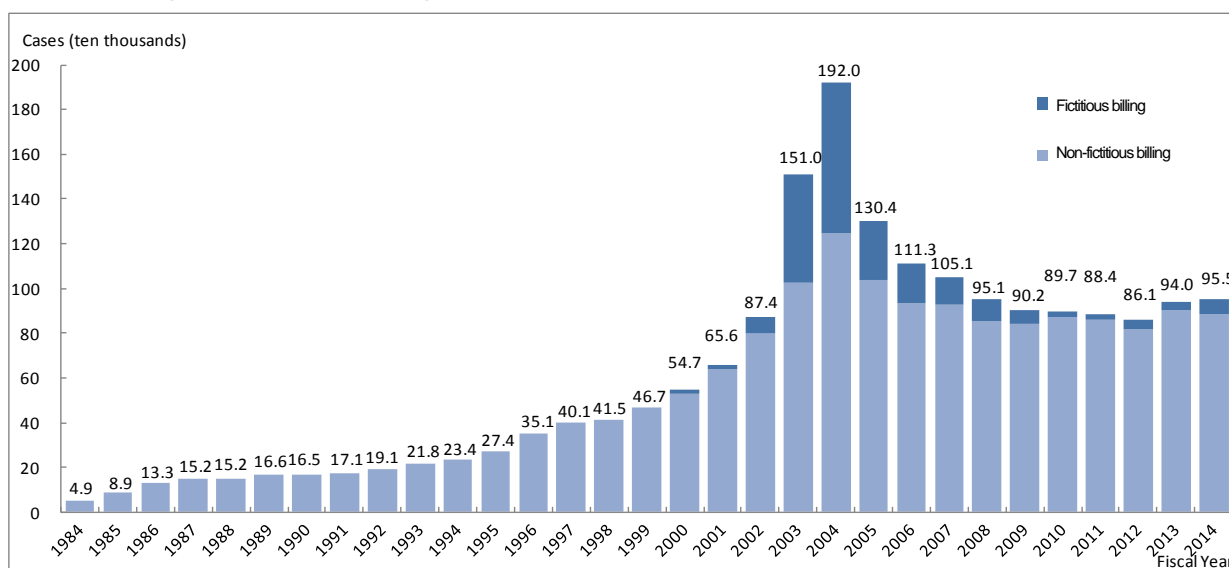
1. Fiscal 2014 summary of consumer issues received through PIO-NET

This summary reflects consumer inquiries and complaints collected in FY2014 by the Practical Living Information Online Network System (PIO-NET) that connects the National Consumer Affairs Center of Japan (NCAC) with local consumer centers and similar organizations (included data reflects inquiries and complaints registered on PIO-NET through the last day of May 2015).

General Trends and Characteristics

- The total number of inquiries and complaints continued to grow from the previous year, with approximately 955,000 reported in FY2014 (versus approximately 940,000 for the previous year).
- The number of inquiries and complaints for "fictitious billing," including charges for using websites that consumers do not recollect using, was 1.7 times greater than the previous year.
- Inquiries and complaints related to "adult websites" showed the highest growth in FY2014, making them the top category for four years straight since FY2011. Additionally, there was an increase in the number of inquiries and complaints related to private investigators, etc. who offered to resolve troubles involving "adult websites".
- Inquiries and complaints about "internet connections" and "mobile communications services" continued to grow in number compared to the previous year and included a notable number of inquiries and complaints regarding cancellations and so forth due to inadequate explanations, etc. when soliciting consumers. In particular, there was a larger number of inquiries and complaints regarding fiber optic contracts as well as providers that activate services remotely.
- Last year, inquiries and complaints about troubles involving "deliveries of unplaced health food orders" grew sharply. In FY2014, there was a decline in the number of such inquiries and complaints. While this resulted in slightly fewer inquiries and complaints from persons 70 years and older this year, a high percentage (approximately 35%) overall still came from persons 60 years and older. Many losses also involved over-the-phone "theatrical sales schemes," in which multiple companies take on different roles to sell financial products, options, etc. for obscure funds or the like.
- There was an increase in trouble related to binary option transactions with unregistered overseas companies via advertisements on the internet.

Diagram 4. Annual changes in the total number of consumer inquiries and complaints



Note: Totals for fictitious billing have been calculated since FY2000.

Inquiries by products and services

- Products, services, etc. with notable increases
 - (a) Adult websites

In FY2014, inquiries and complaints grew the most for "adult websites." Virtually all such inquiries report that consumers automatically registered and billed when they connected to a site without realizing the site charged money for its services. More recently, a prominent number of cases also involve trouble arising from sites that were viewed on a smartphone. While many of these inquiries and complaints were made before businesses were paid, others were received after consumers had already made payments (e.g. "When I contacted the business by phone, I got nervous and ended up paying because they insisted I pay").
 - (b) Internet connections, mobile communications services, internet communications-related services

For "internet connections," there were inquiries and complaints regarding fiber optic contracts and regarding providers that activate services remotely. For "mobile communications services," there were a number of inquiries and complaints regarding cancellations and so forth due to inadequate explanations when soliciting consumers for mobile phone services and mobile data communications for smartphones and other such devices. For "internet communications-related services," inquiries and complaints were received about internet-related membership services and the like.
 - (c) Products in general

"Products in general" also had a higher number of inquiries and complaints. Many such inquiries and complaints were about things like unrecognized charges (fictitious billing) and suspicious telemarketing calls.
 - (d) Digital content and related

For "digital content and related," there was an increase in inquiries and complaints regarding online movie services and regarding charges for using websites that consumers do not recollect using (fictitious billing).
 - (e) Other services

There was an increase in inquiries and complaints for fraud-related troubles in which persons pose as public agencies or the like and offer to delete personal information.
 - (f) Membership in discount clubs

For "membership in discount clubs," inquiries and complaints were received from consumers who were billed for memberships in discount clubs that they had quit ten years earlier.

- (g) Water purifiers
For "water purifiers," there were a number of inquiries and complaints from consumers who could not contact businesses or never received the products for which they had paid.
- (h) Detective agencies and credit bureaus
For "Detective agencies and credit bureaus," there were inquiries and complaints regarding the trustworthiness and charges from private detectives with whom consumers had consulted regarding billing from adult websites.
- (i) Broadcasting services
Inquiries and complaints were received about contract-related troubles from door-to-door sales.
- (j) Derivative transactions and related
For "derivative transactions and related," there was an increase in trouble related to binary option transactions with unregistered overseas companies in which consumers got involved in binary option transactions through an interesting internet advertisement but were later refused when they tried to withdraw their money.
- (k) IP phones
For "IP phones," inquiries and complaints were received regarding cancellation and inadequate explanation regarding services (e.g. charges, etc.) when soliciting consumers through telemarketing and door-to-door sales.
- (l) Nursing homes for the elderly
For "nursing homes for the elderly," there was an increase in inquiries and complaints about troubles involving "theatrical sales schemes" that attempted to get consumers to purchase occupancy rights to nursing homes on behalf of the caller.
- (m) Social insurance
There was an increase in inquiries and complaints regarding suspicious phone calls from persons claiming to be city or other government officials attempting to lure consumers into transferring money using supermarket or convenience store ATMs, supposedly to process a refund for medical expenses.

2. Fiscal 2014 summary of harmful/hazardous incident data received through PIO-NET

This summary reflects "harmful/hazardous incident data" collected by PIO-NET in FY2014.⁸

General Trends and Characteristics

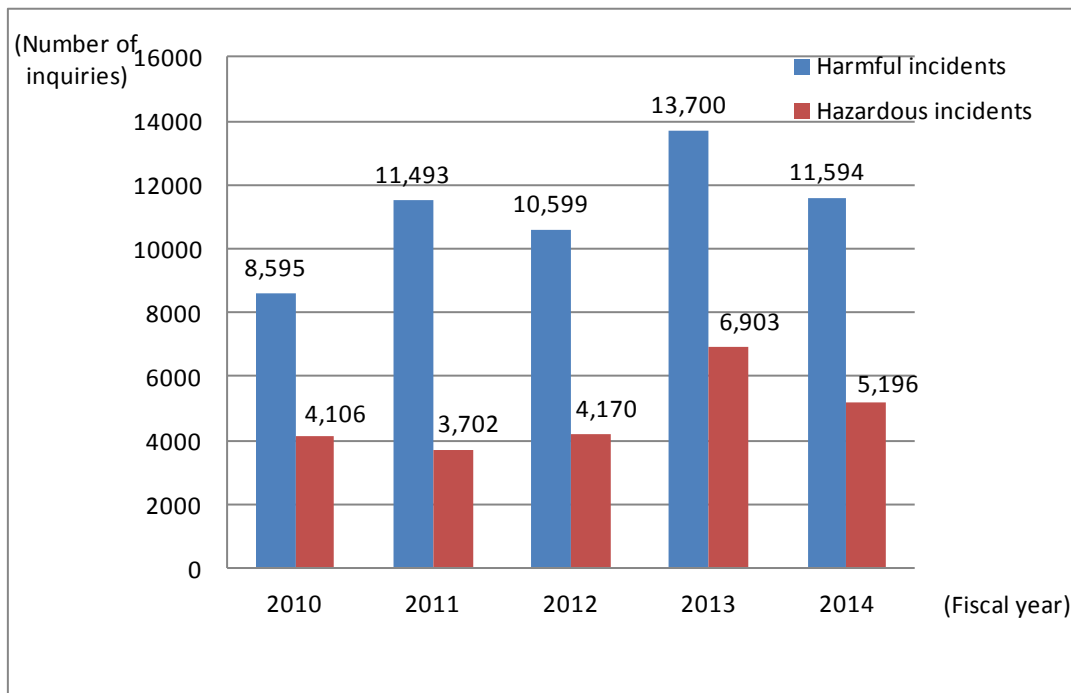
- There were 16,790 incidents reported as "harmful/hazardous incident data," an 18.5% reduction compared to last year.
- For "harmful incident data" as which 11,594 incidents were reported, the top three products/services were "cosmetics," "medical services," and "beautician services." For "hazardous incident data" as which 5,196 incidents were reported, the top three products/services were "four-wheel automobiles," "packaged foods," and "snack foods."
- Significantly affecting the reduction in "harmful incident data" were a reduction of about 1,100 incidents in "cosmetics," which still holds the top position like it did last year, and a reduction of about 1,000 incidents in

⁸ "Harmful/hazardous incident data" combines data on products, services, or facilities involved in an incident of harm, i.e. bodily injury and/or sickness or other disease, etc. ("harmful incident data") and cases in which there was the potential for harm, even though no actual harm was suffered ("hazardous incident data"). The data was registered through the last day of May 2015. Moreover, the data excludes "referred consultations" received by NCAC since FY2007.

"packaged foods," which was number two last year. Significantly affecting the reduction in "cosmetics" were a reduction in the problem of white blotches caused by medicated cosmetics and the reduction in packaged foods (frozen foods) that were contaminated with agricultural chemicals (malathion).²

- Significantly affecting the reduction of around 1,700 cases in the "hazardous incident data" was the reduction of around 2,100 cases in last year's top category, "packaged foods," including those related to frozen foods that were contaminated with agricultural chemicals (malathion).⁹

Diagram 5. Collection of "harmful/hazardous incident data" over time



* The data was registered through the last day of May 2015. The data excludes "referred consultations" received by NCAC since FY2007.

⁹ Malathion is an organophosphorus insecticide. Symptoms of poisoning are known to include such reactions as nausea, vomiting, hypersalivation, excess sweating, diarrhea, abdominal pain, and weak miosis. See the Ministry of Health, Labour and Welfare website "Voluntary recall of frozen food from which agricultural chemical (Marathion) was detected." English version: "Products Recall: Aqli Foods Co. recalls frozen foods contaminated with Malathion" (<http://www.mhlw.go.jp/english/topics/food/information/>)