

Office of Massachusetts Attorney General Maura Healey

# **CONSUMER ADVOCACY ANNUAL REPORT**

-2021-





Consumer Advocacy Annual Report  
A Report on Consumer Complaints Received Calendar Year 2021  
Massachusetts Attorney General's Office  
March 2022

“At a time when many people are struggling to make ends meet, I want Massachusetts consumers to know that my office is here to help with the kind of bread-and-butter issues that make a real difference for working families. People should know their rights whether they walk into a car dealership, call a home contractor, or look for a place to live. We want to empower our residents and remind them of the assistance and resources our team at the People’s Law Firm provides.

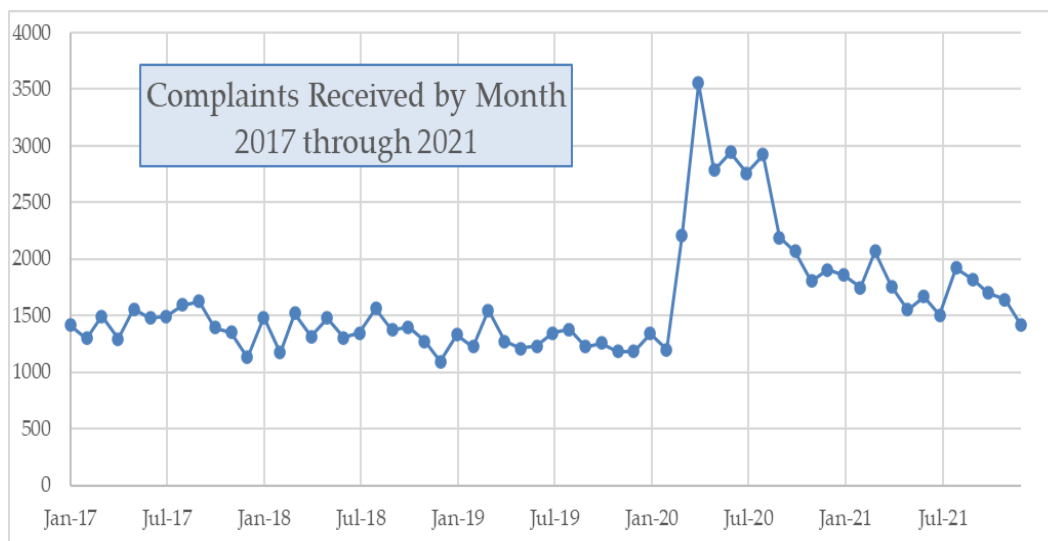
## CONSUMER PROTECTION AT THE ATTORNEY GENERAL’S OFFICE

The Massachusetts Attorney General’s Office (AGO) is an advocate and resource for the people of Massachusetts in many ways. The AGO combats fraud and corruption, investigates and prosecutes crime, and protects consumers, workers, the environment, and civil rights. To accomplish its mission, the AGO uses a mix of investigation, litigation, policy making, consumer education, and individual advocacy.

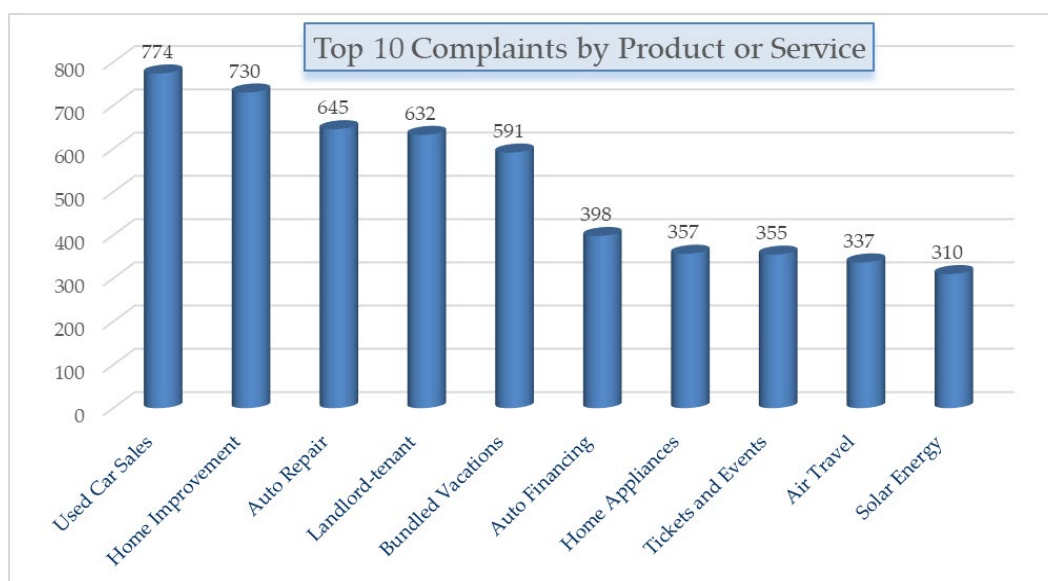
Protecting consumers is not the work of one division in the office. It takes many people including attorneys, investigators, paralegals, mediators, consumer specialists, support staff, interns, and volunteers working across the office. This report highlights a few of the most significant challenges faced by Massachusetts consumers in 2021 – the second year of the COVID-19 public health crisis –and the AGO’s responses. It is the result of work done across many divisions at the AGO, including the Consumer Protection, Healthcare, Insurance and Financial Services, Data Privacy and Security, Energy and Telecommunications, Civil Investigations, Civil Rights, Neighborhood Renewal, and Consumer Advocacy and Response Divisions, as well as the Student Loan Assistance and Child Justice Units, and the Information Services Center. It is by no means a comprehensive list of issues facing consumers or all of the work done by the people of the AGO every day to protect consumers.

## 2021 CONSUMER COMPLAINT DATA

One of the most important ways that the AGO learns about consumer problems is through complaints. Complaints can be filed online through the AGO's website at [mass.gov/how-to/file-a-consumer-complaint](https://www.mass.gov/how-to/file-a-consumer-complaint) or through the mail. In 2021 the AGO received more than 24,000 consumer complaints.



Complaint volume was down from 2020 but was still well above pre-pandemic levels. The AGO received a high number of complaints relating to historically common issues such as used car sales, home improvement contracting, and retail appliance sales, while consumers continued to report problems caused by the COVID-19 public health emergency. For example, the number of complaints related to cancelled vacation packages, cancelled air travel, and cancelled events have dropped since 2020, but remained significantly higher than pre-pandemic years.



## CONSUMER ISSUE SPOTLIGHTS

### Car Buyers Faced Deceptive Ads and Hidden Fees

Shortages of new and used vehicles during 2021 led to higher auto prices and real challenges for consumers needing to buy a car. In early 2021 the AGO began receiving an uptick in complaints about deceptive automobile advertising and pricing. Consumers reported dealers not honoring listed prices, adding hidden “market adjustment” fees, and refusing to honor the buyout terms of consumers’ auto leases.

In response, the AGO issued an advisory to remind consumers and dealerships of their respective rights and obligations, as provided by the Massachusetts Consumer Protection Act and the Attorney General’s [Consumer Protection Regulations](#) (940 Code Mass. Regs. 3.00 et. seq.) and [Motor Vehicle Regulations](#) (940 Code Mass. Regs. 5.00 et. seq.)

### Lemon Law Loophole

The Massachusetts Lemon Law gives you seven days to cancel the purchase of a vehicle if the vehicle fails to pass a state inspection and the required repairs cost more than 10 percent of the purchase price. But what happens if you don’t get delivery of the car within seven days of your purchase and the car turns out to be a lemon? According to some dealers—you’re out of luck and are stuck with it.

#### YOUR RIGHTS AT THE DEALERSHIP

- *Dealers must honor the prices they advertise.*
- *If a price expires, the expiration date must be included in the advertisement.*
- *Dealers must clearly disclose all additional charges with their advertised prices.*
- *Dealers can’t misrepresent the value of a car.*
- *Dealers must honor the buyout provisions of their lease agreements.*

Complaints from consumers brought this issue to the AGO’s attention in 2021. The AGO responded by working closely with state legislators to introduce a bill that would close the loophole. An Act modernizing protections for consumers in automobile transactions, [H.377](#) and [S.2323](#), will update out-of-date provisions in state consumer protection laws related to cars.

If passed, the new law would extend the mileage limits of the Used Vehicle Warranty Law to reflect more modern standards of performance for cars. The law would also strengthen the safety-net for consumers in the event an auto dealership goes out of business by increasing surety bond amounts. Finally, the bill would extend existing notice requirements for auto repossessions to protect consumers with leased vehicles.

## Illegal “Self-Help” Evictions

In the wake of the COVID-19 public health emergency, landlord-tenant complaints to the AGO increased significantly, and the office made it a top priority to help keep tenants safe in their homes. The AGO helped tenants and landlords apply for rental assistance and worked to stop illegal evictions. For most of 2021, tenants were protected by an eviction moratorium that helped keep people in their homes during a time when housing insecurity and homelessness would increase the risk of contracting COVID-19 and add to an already horrifying pandemic. Unfortunately, the moratorium didn’t always stop landlords from trying to illegally evict their tenants.

### **Threatening to remove a tenant from their home without court process is illegal**

To raise awareness of tenant’s rights and protections against illegal evictions the AGO issued an [advisory](#) in January 2021 and conducted nearly 40 trainings and webinars on landlord/tenant rights and obligations.

In 2021, the AGO’s Eviction Working Group received more than 175 requests for eviction help. AGO staff worked with tenants and their landlords to ensure that tenants were protected from illegal evictions and referred tenants to legal services when needed. Tenants were also connected with their local [Regional Administering Agencies](#) and [Local Consumer Programs](#) to get them the help they needed to apply for state and federal rental assistance funds.

## COVID-19 Mortgage Forbearance

Many homeowners who were struggling to keep up with their mortgage payments during the COVID-19 pandemic entered a forbearance period with their loan servicer. With these forbearance periods ending, homeowners now face a new challenge: how to catch up on their missed payments.

The AGO has provided tips for homeowners nearing the end of their forbearance period:

- **Contact your loan servicer early:** You should contact your mortgage loan servicer at least 30 days prior to exiting your forbearance. Some options may require lengthy applications or documentation of income, so it’s important not to wait until the last minute.
- **Apply for mortgage assistance:** The [Massachusetts Homeowner Assistance Fund](#) (HAF) is a federally funded program to provide mortgage assistance to homeowners who are behind on their mortgage payments because of the COVID-19 pandemic. Income limits are up to 150 percent of the area median income, so be sure to check if you qualify for assistance. To learn more visit [MassMortgageHelp.org](#).



- **Figure out what you can afford:** Carefully review your monthly income and expenses before entering into any agreement with your loan servicer. Agreeing to a loan modification or repayment plan that you can't afford could be worse than having no agreement at all.
- **Gather your documents:** Get your documents together – paystubs, tax returns, and bank statements. Small business owners should also be sure to have recent profit and loss statements ready to go.
- **Identify the investor that holds your mortgage:** Fannie Mae and Freddie Mac hold about half of the mortgage loans in Massachusetts. You can check to see if you have a Fannie Mae or Freddie Mac loan using their online lookup tools at: [knowyouroptions.com/loanlookup](https://knowyouroptions.com/loanlookup) and [loanlookup.freddiemac.com](https://loanlookup.freddiemac.com).
- **Avoid foreclosure rescue scams:** Scammers are more than willing to promise you a guaranteed loan modification in exchange for an up-front fee. They may also try to entice you with a complex scheme requiring you to sign over your deed and buy it back later. Don't fall for it. Never pay upfront fees for mortgage help or sign-over your deed to a rescue scheme.
- **Mortgage help is free:** If you need help working with your servicer, contact a [HUD approved housing counseling agency](https://www.hud.gov/program_offices/comm_planning/housing_counseling/) through the Department of Housing and Urban Developments at HUD.gov or 1-800-569-4287. If you have a problem or complaint against your loan servicer, specialists at the AGO can help. If you are facing foreclosure or have a problem while working with your loan servicer, you can also file a consumer complaint with the AGO or call the AGO's Consumer Hotline at 617-727-8400. Help is always free.



## Understanding Your Options

Some of the most common options used to catch-up at the end of a forbearance are:

- **Lump Sum Payment and Reinstatement of the Loan:** If you have the resources, you might want to simply reinstate your loan and pay all of your missed payments. However, if doing so would require you to tap into retirement savings early and potentially face tax penalties, you may want to consider other options first.
- **Repayment Plan:** If you can afford to pay more than your regular mortgage payments – you might want to seek a repayment plan. Repayment plans involve paying your regular mortgage payment each month, plus an additional monthly payment that is applied toward the arrearage. This may be a good option if your income has improved recently.
- **Deferral or Partial Claim:** If you can afford to resume your regular payments, but cannot afford to increase them, you might consider a deferral or partial claim. This option may allow you to place your missed payments at the end of your loan or put them into a subordinate loan that comes due only when you refinance, sell, or terminate your mortgage. Fannie Mae and Freddie Mac are currently allowing up to 18 months of payments to be deferred if you were less than two months delinquent as of March 1, 2020. However, most servicers will only defer the principal and interest portions of the mortgage – not the portion of the monthly payment used to pay property taxes and insurance. Servicers will often arrange a separate repayment plan for the escrow balance, so your total monthly mortgage payment could still increase in the short term.
- **Loan Modification:** If you cannot afford to resume your regular mortgage payments, consider applying for a loan modification. Most loan modification programs are income-based. The terms of your loan are changed to reach an affordable payment that is also acceptable to the investor. This often involves capitalizing the past due payments and extending the duration of your loan. You may end up paying more in the long run, but a loan modification can help achieve a monthly payment that you can afford.
- **Sale or Short Sale:** If you simply can't afford to keep the home, or don't want to, you may consider selling the home. If you owe the bank more than the property will sell for, you'll need a short sale agreement. In a short sale the bank agrees to settle your mortgage debt through the sale of the home, even if the sale price is less than what you owe. Contact your loan servicer early if you plan to sell your property for a price less than you owe and be sure to get written confirmation that you will be released from any personal liability for the mortgage debt when the property is sold. You don't want a debt collector coming after you later for the mortgage debt on a home that you no longer own.



## Buy Now, Pay a Lot More Later

The AGO has been hearing from consumers who report not knowing that they were taking out a loan when offered a “Buy Now, Pay Later” deal, and are now being asked to pay much more than they agreed to. There are a lot of new ways to take on debt these days. Retailers will let you “buy now and pay later.” Your job might help you get an advance on your paycheck. Your vocational school or bootcamp might be free if you give them a cut of your future earnings. Your auto repair shop or dentist might even offer lending programs. Or you can just use your phone to access a personal loan. It may be easier to get credit, but that doesn’t mean you should enter into any lending agreement lightly.

It’s always a good idea to shop around so can you compare financing options. Here are a few things to consider before taking out a new loan:

- ✓ **What is the interest rate on the loan?** Banks in Massachusetts are generally subject to interest rate caps, but many online lenders don’t follow those caps. So, if you have access to a bank or credit union, try comparing the terms you would get for a personal loan with the bank.
- ✓ **What is the length of the loan?** If it’s short, are you going to be able pay it off in time or will you need to borrow again to pay off the loan? If it’s long, can you reliably pay it off over that span of time?
- ✓ **What charges happen if you make a late or partial payment?** Sometimes these fees and penalties can be really steep.
- ✓ **What do you lose if you cannot pay the loan back?** You should always exercise caution when offering collateral like your car or home.
- ✓ **What will you pay for using credit?** It is important to know how much more you will pay by using credit, so that you can make your own decision if the cost is worth it. And another thing: some companies are getting rid of formal interest rates or fees and letting you “tip” instead. Think about whether you’re tipping more than you would have actually paid in interest.
- ✓ **Why are you taking on debt?** With all this credit floating around it’s important to think about why you’re taking on debt and what you actually need. Buy now pay later means that you do eventually have to pay late. Sometimes you need a loan, but other times people are better off if they didn’t borrow in the first place.

## DIRECT CONSUMER ASSISTANCE RETURNED \$7.3 MILLION

Most consumer complaints filed with the AGO start the Consumer Advocacy and Response Division (CARD). In addition to monitoring complaints for unfair business practices, the consumer specialists working in CARD provide individual consumer assistance in response to many of the complaints that the AGO receives. Consumer specialists work with the consumer and the business to come to a resolution that's agreeable to both parties.

The AGO also supports 18 Local Consumer Programs (LCPs) across the Commonwealth. These LCPs are non-profit or municipal organizations that accept consumer complaints directly referred from the AGO and provide free consumer assistance. The AGO's Healthcare Division, Insurance and Financial Services Division, Student Loan Assistance Unit and Civil Rights Division also provide direct assistance with many types of complaints. In 2021, CARD and its LCPs worked together to provide individual assistance in response to more than 10,200 consumer complaints. Through this advocacy, we obtained nearly \$7.3 million in savings or refunds for consumers.

### LOCAL CONSUMER PROGRAMS

- 18 Non-Profit and Municipal Organizations
- Accept Complaint Referrals from the AGO
- Provide Direct Help to Consumers
- Find your Local Consumer Program here: [mass.gov/ago](https://mass.gov/ago)

## NOTABLE CONSUMER SETTLEMENTS OF 2021

- **January 2021 to present:** The Consumer Protection Division (CPD) has been administering its settlement with the mortgage servicer, **Shellpoint Mortgage Servicing**. In 2021 the settlement provided \$828,002 in principal forgiveness and \$366,267 in monetary payments to borrowers.
- **February 9, 2021:** CPD obtained \$895,000 in refunds for 5,474 **Citibank** credit card holders in Massachusetts to resolve allegations that it overcharged them for credit card interest.
- **February 16, 2021:** CPD reached a settlement with **Kyanite Services, Inc.**, a national mortgage servicing company that provides \$975,000 in restitution for 182 Massachusetts borrowers, resolving claims that the company impeded homeowners attempting to obtain

loan modifications to avoid foreclosure.

- **February 20, 2021:** CPD resolved its litigation against **PHEAA**, one of the largest national student loan servicers, for failing to properly administer the Public Service Loan Forgiveness Program (PSLF) to teachers and other public servants. The resolution requires PHEAA to administer a claims process, provide individual account audits, and remedy accounting errors.
- **March 4, 2021:** CPD resolved an investigation of **VTech**, a for-profit corporation that operated a fraudulent tech support scam that charged unsuspecting consumers for unnecessary repairs to nonexistent problems with their computers. The settlement prohibits the corporation and its owners from operating any technical support companies in the future. This conduct was part of a nationwide scheme that scammed consumers out of millions of dollars. VTech paid \$145,000 in refunds to Massachusetts consumers.
- **March 11, 2021:** The Data Privacy and Security Division settled a multistate litigation related to a data breach at **Retrieval-Masters Creditors Bureau doing business as American Medical Collection Agency (AMCA)**. The data breach exposed the personal information of at least 7 million people in the United States. The company was assessed a \$21 million penalty, required to provide notice and credit monitoring to affected consumers, and subsequently filed for bankruptcy.
- **March 23, 2021:** The Healthcare Division (HCD) secured \$2.8 million in relief for Massachusetts consumers as part of multistate litigation against **Boston Scientific Corporation** over allegations that it deceptively marketed transvaginal surgical mesh devices to patients.
- **March 24, 2021:** CPD obtained refunds for former members of the now defunct **Boston Sports Club (BSC)** totaling \$127,000 from the bankruptcy estate after the fitness club shut down but continued to charge consumers during the COVID-19 pandemic. CPD sued BSC and its CEO for unfair and deceptive billing conduct and for failing to cancel memberships.
- **April 27, 2021:** The Insurance and Financial Services Division (IFSD) secured \$89,000 in payments to students from **Flatiron School LLC**, an online for-profit school offering coding bootcamps. The assurance of discontinuance resolved allegations that the school used high pressure enrollment tactics and failed to provide proper disclosures about its program, in violation of the AG's For-Profit School Regulations.

- **April 29, 2021:** IFSD secured more than \$126,000 from **Credova Financial, LLC** and **Nextep Holdings, LLC** to settle allegations that they illegally leased dogs in Massachusetts. As part of the settlement, the companies transferred full ownership of dozens of dogs to Massachusetts consumers.
- **May 27, 2021:** CPD secured \$793,422.93 in debt relief and refunds in a settlement with an automobile finance company, **UACC**, to settle allegations that it facilitated the sale of defective and unsafe vehicles by two used car dealerships in Westport and Fall River and that it violated the AG's debt collection regulations. Consumers received \$263,933 in refunds and \$529,489 in debt relief.
- **June 2, 2021:** HCD secured a \$260,000 settlement with **South Shore Anesthesia Associates**, a Weymouth-based provider of anesthesia and pain management care, for engaging in "surprise billing" practices.
- **July 2, 2021:** **Zovio Inc., formerly Bridgepoint Education, Inc.**, a former online for-profit school agreed to pay nearly \$300,000 to settle allegations that it unfairly imposed excessive technology fees on students and failed to make proper disclosures. The case was handled by IFSD.
- **July 15, 2021:** IFSD secured the discharge of student loans for 7,200 students who were defrauded by **Corinthian Colleges**. The matter was resolved when the U.S. Department of Education chose to drop its appeal of a 2020 District Court order, requiring the Department to fully discharge the federal loans of all Massachusetts students covered by the AG's group borrower defense application, and setting a precedent that group discharge applications filed by state attorneys general are valid and must be decided by the Department.
- **August 12, 2021:** CPD obtained \$1.6 million in a settlement with **Avant**, an online loan servicer, resolving allegations that the company used abusive debt collection practices against consumers.
- **August 31, 2021:** CPD entered into a consent judgment with **DMB Financial**, a debt settlement company, to resolve allegations that it engaged in unfair and deceptive practices by charging consumers fees for debt settlement services before paying on the debts. The resolution provides \$1 million dollars in relief to affected consumers.
- **September 1, 2021:** In the largest settlement of its kind, national subprime auto lender **Credit Acceptance Corporation (CAC)** agreed to pay more than \$27 million to settle a lawsuit over a variety of alleged unfair practices relating to the company's role in the



origination, collection, and securitization of subprime auto loans. The case was handled by IFSD.

- **September 7, 2021:** CPD reached a \$2.25 million settlement with **Transworld Systems Inc.**, a debt collector, for using unfair and deceptive debt collection practices against consumers, including student borrowers, by making high volume calls to consumers, regularly attempting to collect on time-barred debts, and using false and misleading affidavits in an effort to collect private student loan debt.
- **November 1, 2021:** HCD secured \$625,000, including \$515,000 in consumer relief from **Health Plan Intermediaries Holdings**, a Florida-based insurance agency that agreed to settle allegations that it used deceptive and unlawful practices to sell health plans to Massachusetts consumers.
- **December 9, 2021:** CPD secured nearly \$51 million from national e-cigarette retailer, **Eon Smoke** for illegal sales of products to minors. The settlement bans the company from selling, distributing, marketing or advertising tobacco products to consumers in Massachusetts.

## CONSUMER RESOURCES

The AGO encourages consumers who have concerns with a business, whether it be a landlord, a car dealership, a store, a travel company, a ticket company, a loan servicer, an energy company, or debt collector to:

1. Call the office's consumer hotline at 617-727-8400,
2. File a complaint online at [www.mass.gov/how-to/file-a-consumer-complaint](http://www.mass.gov/how-to/file-a-consumer-complaint).
3. Print our complaint form and mail it to:  
Office of the Attorney General  
Consumer Advocacy & Response Division  
One Ashburton Place, 18th Floor  
Boston, MA 02108

### Attorney General's Elder Hotline

Call the Elder Hotline at (888) AG-ELDER or (888) 243-5337.

The Elder Hotline is open Monday through Friday from 10:00 a.m. to 4:00 p.m. The hotline is staffed by volunteers who can help you find answers to questions and assist with consumer issues relevant to seniors.

### Health Care Helpline

Call the Health Care Helpline at (888) 830-6277

Monday, Wednesday, and Friday, 9 a.m. to 2 p.m.

### Student Loan Assistance Unit

To get help, please submit a Student Loan Help Request at:

[www.mass.gov/service-details/student-loan-assistance](http://www.mass.gov/service-details/student-loan-assistance)

If you have questions, please call the Student Loan Helpline at (888) 830-6277

