

Better Business Bureau – Advertising Requirements, Music on Hold & 3-Day Cooling Off Rule

By Tom Junge, Iowa Field Director

Advertising

Recently, a dealer showed me a letter he had received from the Better Business Bureau regarding an advertisement that he had placed in a newspaper. This ad promoted zero-percent interest for two years on used combines. The letter from the Better Business Bureau stated that the dealer's ad did not meet the guidelines for advertising credit financing. The dealer quickly responded to the Better Business Bureau that they would not run the ad as printed again.

This dealer was unaware that he needed to disclose additional information in the ad. He suggested I inform other dealers, so they can avoid this inconvenience. Following are some of the rules the Better Business Bureau stipulates regarding advertising. For a complete list of rules, visit www.bbb.org.

According to the Better Business Bureau, if an advertisement of closed-end credit contains any of the following triggering terms, three specific disclosures must also be stated clearly and conspicuously.

The *triggering* terms are:

1. the amount or percentage of any down payment
2. the number of payments or period of repayment
3. the amount of any payment, expressed either as a percentage or as a dollar amount
4. the amount of finance charge

The three *disclosures* are:

1. the amount or percentage of the down payment
2. the terms of repayment
3. the “annual percentage rate,” using that term spelled out in full. If the rate may be increased after consummation of the credit transaction, that fact also must be disclosed

In addition, the Better Business Bureau states that whenever a price is mentioned in advertising, any extra charges must be disclosed in immediate conjunction with the price (e.g. delivery, installation, assembly, excise tax, postage and handling).

When the term “warranty” (or “guarantee”) is used in product advertising, a disclosure should be made clearly and prominently stating that complete details of the warranty can be seen at the advertiser's store prior to sale or, in the case of mail or telephone order sales, are available free on written request.

“Music on Hold”

While visiting the Better Business Bureau website, I came across copyright protection

and licensing regarding music in the marketplace. It states that offices and stores that use “music on hold” for telephone customers need to be licensed. It also states that the proprietor of the business in which the copyrighted music is performed is liable for any infringement of copyrighted music in his or her place of business. If you are using “music on hold,” make sure your on-hold service has obtained the proper license. A better option to music is to promote your business to customers while they are on hold. The Association recommends a company that provides such a service. Call us for more information.

Additional Information

The Better Business Bureau website also allows you to perform a search on a business to see if there have been any complaints filed against them. While your business is probably not listed, it sure wouldn’t hurt to check.

In addition, the website lists informative publications and articles where you can learn about current business frauds, scams and schemes. There are also articles related to such employee issues as employee theft, keeping employees happy, etc.

Finally, the website offers plenty of consumer tips and frauds. For example: **MYTH:** You have the right to cancel any purchase within three days. **FACT:** Contrary to popular belief, the three-day Cooling-off Rule (right to cancel) only applies to a limited number of cash or credit transactions of \$25 or more. The Rule applies to door-to-door sales or places other than the company’s regular place of business. Purchases of automobiles and other vehicles are not usually covered.

I encourage you to visit www.bbb.org today for this type of information and more.