

Internet breeding ground for new scams

Many tired old scams have been given a new lease of life in the huge and anarchic global market opened up by the Internet.

'Cyberspace' offers good hunting for a new breed of fly-by-night operators — just as the anonymity of Post Office box numbers (without street addresses) did for scammers in the past.

Many of the scams such as 'get-rich-quick schemes' and phoney business offers differ little from those that have been circulating for years — except that they're now in 'cyberspace' and not on paper.

Around 1.2 million Australians are using the Internet now and this is expected to rise to 4.7 million by 2001. It is estimated about 108 000 are already shopping via the Net.

International experience suggests that about 10 per cent of Internet transactions may be fraudulent — people using new technology and old ideas to relieve innocent consumers of their money.

The ACCC averaged 48 complaints per month about Internet transactions in 1997, compared with an average of only three in 1996.

International protocols for Internet usages are being negotiated now but may take some time to come into effect.

On 16 October last year the Commission coordinated a 24 hour International Internet Sweep Day to identify and send warning messages to sites offering 'get-rich-quick' schemes. Consumer protection agencies from 30 other countries took part.

Conducted via a specially set up page on the Commission's own web site, the sweep targeted schemes such as pyramid selling, bogus business opportunities and phoney prizes and lotteries.

As well as providing information about the way typical scams are operated the page enabled consumers to 'slam a scam' on the spot by emailing details to the Commission.

Hundreds of suspect sites were identified and the Commission will take follow-up action on some of them.

This interactive page is still part of the Commission's web site.



Internet service providers warned

A by-product of the Internet's growth has been a rapid increase in the number of Internet Service Providers (ISPs) — and with it new problems for consumers.

In collaboration with the Telecommunications Industry Ombudsman (TIO) the Commission has warned about ISP advertising which misrepresents the real cost and conditions of Internet connections.

Much of the advertising about which the Commission receives complaints is at best confusing and at worst deceptive.

With the help of the TIO, the ACCC has examined a number of advertisements offering such features as:

- free Internet access;
- particular bandwidth;

- nominal fees for access;
- free software;
- free modem and software installation; and
- access speeds.

Often the advertisements don't mention important conditions such as:

- additional annual registration fees;
- restrictions on access times and length of sessions;
- need to make payments by credit card;
- prepayments; and
- telephone charges for ISP's nearest contact (relevant for regional users).

The ACCC has recently circulated an information sheet to 900 ISPs outlining their rights and responsibilities under the Trade Practices Act.