

A Medicare scam that just kept rolling

By: Chris Kissell, NetQuote

Storm season is in full swing. Tornadoes, severe thunderstorms and hurricanes already have wreaked havoc across the United States, and are likely to continue through the summer.

Bad weather damages homes, which brings out scammers. These con artists pose as legitimate contractors in hopes of bilking people out of their hard-earned cash.

In fact, unsatisfactory home improvement and construction work ranks second on the list of top U.S. consumer complaints, according to the Consumer Federation of America.

The same study also found that encounters with unlicensed contractors are among the fastest-growing consumer complaints.

Most contractors are honest, says James Quiggle, spokesman for the [Coalition Against Insurance Fraud](#). Still, homeowners must remain on their guard so they do not fall victim to unscrupulous repair schemes.

The coalition has identified five scams as being especially typical. Following is a list, along with tips for protecting yourself.

Scam No. 1: Demands for large prepayment.

A crooked contractor may ask a homeowner for a large down payment before beginning work.

Once the homeowner hands over the money, the contractor disappears, never to be heard from again.

Quiggle says it's reasonable for contractors to request a modest down payment. The contractor typically will use the money to buy materials, and the payment also acts as earnest money.

However, Quiggle urges you to be suspicious whenever the requested down payment exceeds 20 percent of the projected bill total.

And if the requested amount is 50 percent, or even 75 percent?

"The red flags of possible fraud are fluttering," Quiggle says.

In another version of this con, the contractor may skip asking for a large down payment, but instead will charge a fee before giving the homeowner a bid.

"That's ridiculous," Quiggle says. "Any reputable contractor will bid free of charge."

Scam No. 2: Use of cheap materials during construction.

Some shady contractors perform the repair, but use such shoddy materials that the work must be done again.

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Coalition Against Insurance Fraud

For example, the contractor may use a cheaper wood that is not properly treated to handle the local weather, or that's simply not suited for the repair job.

In other cases, the crooked contractor may make repairs that look good cosmetically, but don't get the job done.

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When the homeowner discovers the shoddy work later, it typically needs to be redone – at the homeowner's expense.

"Too much is at stake to jeopardize urgent repairs with a contractor who's acting suspiciously," Quiggle says.

Scam No. 3: Creating phony damage during an inspection.

Sometimes, an unprincipled contractor may try to create a demand for work by manufacturing storm damage.

Carole Walker, executive director of the Rocky Mountain Insurance Information Association, cites the example of creating phony hail damage on a roof.

"Hail season is boom time for roofing contractor scams," she says.