

**“A truly amazing
reference.”**

– David Chilton

The Wealthy Barber,
From his Foreword



FIGHT BACK

**81 WAYS TO HELP YOU
SAVE MONEY AND
PROTECT YOURSELF FROM
CORPORATE TRICKERY**

ELLEN ROSEMAN

Toronto Star Personal Finance Columnist

Contents

[Cover](#)

[Title Page](#)

[Copyright](#)

[Dedication](#)

[Foreword By Dave Chilton](#)

[Introduction](#)

[Part 1: Outsmarting the Banks](#)

[Chapter 1: Get a Higher Interest Rate on Your Savings](#)

[Chapter 2: How to Fight Back when a Bank Cuts the Interest on Your Savings](#)

[Chapter 3: Look Beyond the Big Banks for Higher Savings Rates](#)

[Chapter 4: How to Get Higher Savings Rates without Getting Burned](#)

[Chapter 5: How to Trim the Bank's Service Charges](#)

[Chapter 6: How to Fight Back when You Miss a Discount You Deserve](#)

[Chapter 7: Challenge Bank Fees for RRSPs and Other Registered Plans](#)

[Chapter 8: Watch Out for Foreign Exchange Conversion Fees](#)

[Chapter 9: Find the Best Credit Cards for Rewards and Benefits](#)

[Chapter 10: Find the Best Credit Card if You Carry a Balance](#)

[Chapter 11: Watch Out for Credit Card Balance Transfers](#)

[Chapter 12: Watch Out for Expensive Credit Card Insurance](#)

[Chapter 13: Beware of Penalties when You Break a Closed Mortgage](#)

[Chapter 14: How a Customer Fought Back Against a Bank's Mortgage Penalty](#)

[Chapter 15: How to Avoid Interest Penalties when Paying Off Your Mortgage Early](#)

[Chapter 16: Why It Pays to Know Your Rights](#)

[You have the Right to some Free Services](#)

[You have the Right to Dispute Errors on your Credit Report](#)

[You have the Right to Refuse some Services](#)

[You have the Right to Faster Access to Cash from Most Cheques](#)

[You have the Right to Open a Basic Bank Account](#)

[You have Rights when Dealing with Banks](#)

[You have the Right to Dispute Preauthorized Debit Withdrawals](#)

[You have the Right to know How much you would be Charged to Break Your Mortgage](#)

[Chapter 17: How to Outsmart the Banks at Their Own Game](#)

[Use your Bank's ABMs](#)

[Get Mobile Banking](#)

[Maximize your Bank Account](#)

[Budget Accordingly](#)

[Get your Credit Card Fee Waived](#)

Ask for a Lower Credit Card Rate
Tell the Bank to Remove the Hold
Negotiate a Good Mortgage Rate

Chapter 18: How to Get the Best Service from a Bank

Shop the Banks, the Bank Alternatives and the Person you want to Bank with
Take the Time to Choose the Right Account(s) and Product(s) for you
Carefully Manage your Account
Don't make it Easy for the Bad Guys
Don't be Afraid to Ask for Help
Know you have the Right to Complain

Chapter 19: How to Get the Best Service from a Bank if You Own a Business

Have a Great Business Plan
Have your Banker Visit your Place of Business
Share your Plans and Ideas
Have a Backup Plan
Don't put All your Eggs in One Basket
Know you have the Right to Complain

Part 2: Keeping your Finances on Track

[Chapter 20: How to Check on Your Credit Report and Credit Score](#)

[Chapter 21: How to Correct Errors on Your Credit Report](#)

[Chapter 22: How to Fight Back when Your Credit History Is a Mess](#)

[Chapter 23: How to Make Sure Your Credit History Stays Healthy](#)

[Chapter 24: How to Fight Back Against Bad Financial Advice](#)

[Chapter 25: How to Make Sure You Have the Right Investments](#)

[Find a Good Financial Adviser and Meet with him or her Periodically](#)

[Know your own Financial Objectives and Risk Tolerance](#)

[Know what you are Investing in](#)

[Review your Statements for Transaction Errors and the Performance of your Investments](#)

[Know you have the Right to Complain](#)

[Chapter 26: How to Fight for Your Rights as an Investor](#)

Always be Professional
Document Everything
Be Factual with your Claim
Be Realistic with your Demands for Compensation
Get Professional Advice

Chapter 27: How to Recover Losses on Unsuitable Investments

Chapter 28: How to Fight Back Against the Canada Revenue Agency

Chapter 29: How to Avoid Getting Penalized on Your Tax-Free Savings Account

Chapter 30: How to Fight Back by Using the Taxpayer Bill of Rights

Know your Rights
Be Prepared
Be Calm and Respectful
Ask Phone Agents for their Identification
Keep a Record of your Communications
Attempt to Resolve the Issue
Contact the OTO for Assistance
Submit a Complaint
Consult the Digest of Taxpayer Service Rights

Part 3: Taming_your Telecom Costs

Chapter 31: How to Negotiate for Better Rates with a Telecom Supplier

Chapter 32: How to Cut the Cost of Your Home Phone Service

Chapter 33: How to Save Money on Your Internet Service

Chapter 34: How to Cut the Cost of Your Cable TV Service

Chapter 35: How to Save Money on Your Telecom Bills and Get Better Service

If you want to Pay Less, Call and ask to Pay Less
Review your Needs for the Home Phone Features
and Options

Know your Actual Needs for Long-Distance
Minutes and Then you will Know your Cost
Stay Flexible and Ready to Jump to a Less
Expensive Provider

Learn How to find out about Hidden Promotions
Learn the art of Threatening to Cancel (The
Equivalent of a Master's Degree in Creative
Whining).

[Chapter 36: How to Buy a Wireless Phone without a Contract](#)

[Chapter 37: How a Customer Fought Back Against Cancellation Fees](#)

[Chapter 38: How to Save Money with a Prepaid Wireless Plan](#)

[Chapter 39: Avoid Data Roaming Charges when You Travel](#)

[Chapter 40: How a Bell Customer Fought a \\$10,000 Bill for Data Roaming](#)

[Chapter 41: Watch Out for Premium Text Messages on Your Wireless Phone](#)

[Chapter 42: How to Get the Best Value for Your Telecom Dollars](#)

[Do some Research Before you Buy](#)

[Get “Special” Deals in Writing](#)

[Look for Insurance or Equipment Protection Plans](#)

[Read the Company Websites](#)

[Understand How Data is Consumed on your Phone/Tablet](#)

[Take Advantage of Usage Trackers](#)

[Use Plan Estimator Tools](#)

Go to Online Tech Forums
Protect your Privacy
Bundle your Services, If Possible

Chapter 43: How to Cut Your Telecom Costs

Research, Research, Research
Find a Solid Base
Understand the Competitive Landscape
Know your Plan
Avoid Roaming Fees
Take the Time to Get Things Right and Don't be Afraid to ask for Help

Chapter 44: How We Helped a Household Slash Its Telecom Costs

Chapter 45: How to Make Effective Telecommunications Complaints

Do:
Don't:

Chapter 46: How to Fight Back Against Big Telecom

Part 4: Stretching your Travel Dollars

[Chapter 47: How to Fight Back when an Airline Damages Your Luggage](#)

[Tips on how to be Successful using Social Media](#)

[Chapter 48: How to Fight Airline Rules That Do Not Make Sense](#)

[Chapter 49: How to Fight Back when a Cruise Line Loses Your Luggage](#)

[Chapter 50: How to Complain to the Canadian Transportation Agency](#)

[Chapter 51: How to Enforce Your Airline Flight Rights](#)

[Chapter 52: How to Cross the Border with Your Travel Documents in Order](#)

[Chapter 53: What to Do with Your Prescription Drugs when You Travel](#)

[Chapter 54: How to Avoid Getting in Trouble when Booking Hotels Online](#)

[Chapter 55: How to Avoid Being Denied a Refund on Unused Hotel Rooms](#)

[Chapter 56: How to Avoid Paying Medical Bills when Crossing the Border](#)

[Chapter 57: How to Choose Trip Cancellation and Trip Interruption Insurance](#)

[Chapter 58: How to Fight Back when Your Trip Cancellation Claim is Denied](#)

[Chapter 59: How to Avoid Losing the Travel Reward Points You Collected](#)

[Chapter 60: How to Fight Back Against a Car Rental Company's Damage Claim](#)

[Part 5: Fighting Back Against Poor Retail Service](#)

[Chapter 61: How to Fight Back when a Store Refuses to Give a Refund](#)

[Chapter 62: How to Get Your Money Back when You Pay with Your Credit Card](#)

[Chapter 63: How to Return a Purchase That You Make Online](#)

[Chapter 64: How to Avoid Getting into Trouble with Online Purchases](#)

[Chapter 65: How to Fight Back Against Online Fraud](#)

[Chapter 66: How to Fight Back when You Find a Pricing Error](#)

[Chapter 67: How to Fight Back Against Automatic Renewals](#)

[Chapter 68: How to Avoid Losing Money on a Gym Membership](#)

[Chapter 69: How to Decide on Getting an Extended Warranty](#)

[Part 6: Protecting your Big-Dollar Purchases of Cars and Houses](#)

[Chapter 70: How to Fight Back when Your Car Does Not Work Properly](#)

[Chapter 71: How to Fight Back Against Car Leasing Charges](#)

[Call and Try to Negotiate](#)

[Don't Let a small Concession Suffice](#)
[Explore Third-Party Options](#)
[Call the Media If you are Getting Nowhere](#)
[Stand Strong in the Face of Adversity](#)
[Stand Strong and Reiterate the Options—A Settlement or more Bad Press](#)
[Give a Bit, take a Bit](#)
[Emphasize your Importance as a Future Customer](#)
[Think Twice about Buying End-of-Lease Insurance](#)
[Check the Leasing Company's Reputation Online](#)
[Realize that not All Leasing Companies are the Same](#)

[Chapter 72: How Not to Get Stung when Buying a Newly Built Home](#)

[Stage 1—Before Deciding to Purchase a Newly Built Home](#)
[Stage 2—Before Taking Possession of your Newly Built Home](#)
[Stage 3—Resolving Construction Defects after Taking Possession](#)

[Chapter 73: How to Fight Back in a Phony Real Estate Bidding War](#)

[Chapter 74: How to Resolve Issues with Your Energy Utility](#)

Chapter 75: How to Fight Back Against Rogue Movers

Part 7: Using your Communication Skills and the Courts

Chapter 76: How to Write the Perfect Complaint Letter

Chapter 77: How to Create a Circle of Eyes on a Company You Want to Fight

1. Get as many Eyes Looking at your Problem as Possible
2. Prepare an Information Package
3. Raise the Stakes. Keep the Heat on
4. Use Blogs and Social Media
5. Hire an Objective Expert
6. Pick Other People's Brains

Chapter 78: How to Be Patient, Persistent and Prepared

- Provide Evidence
- Persistence Pays Off
- Paperwork is Important
- Do not Get Emotional
- Preparation Helps in All Kinds of Situations

[Chapter 79: How to Use Twitter to Put Pressure on a Business](#)

[Have a Presence](#)

[Be Nice](#)

[Be Patient and Persistent](#)

[Chapter 80: How to Deal with a Lawyer if You Have a Consumer Problem](#)

[Chapter 81: How to Fight Back in Small Claims Court](#)

[Index](#)

Fight Back

81 Ways to Help You Save Money and Protect
Yourself from Corporate Trickery

Ellen Roseman



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To my literary agent, Brian Wood, for encouraging me to write about fighting back; and to my guest contributors for adding their diverse voices and informed advice to the book.

Foreword

By Dave Chilton

I Love Ellen Roseman's Writing.

So much so, I actually pushed her to write the book you're holding. Then I had the nerve to ask to write the foreword (and I normally hate writing forewords!).

Why am I such a big fan of Ellen?

Quite simply because she helps people learn financial planning's most important skill: saving money. Personal-finance educators from Ben Franklin to the Wealthy Barber have preached, "Spend less than you make." Fine advice, indeed. But Ellen takes it a key step further by adding " . . . and here's how."

This book, a truly amazing reference, will teach you how to negotiate better prices and contracts, know your rights (and companies' wrongs!) and make wise spending decisions.

Yes, I sound like an infomercial, but this book will truly pay for itself hundreds of times over. So, act now! Don't delay! Get reading!

And, keep it in a handy place—you'll refer back to it many times. I have already.

Dave Chilton
aka *The Wealthy Barber*

Introduction

My First Book, *Consumer, Beware!*, came out in 1974. And guess what? It was defective. The “perfect binding” (actually glue) separated from the pages, causing them to fall out in clumps.

This was embarrassing, as you can imagine. It was also funny to read the letters from unhappy buyers: “I have never written a complaint before, but following the template you gave on page X, I want to ask for my money back.”

The publisher, alas, was insolvent and had not paid the binder. But when it was bought by a bigger publisher, I asked the CEO for help. He recalled the books from the stores, rebound them and added a cover that said, “New and improved.”

That was my first taste of consumer activism. I succeeded in forcing an unsafe product off the shelves. Meanwhile, the readers who had the courage to complain received a replacement book. Those who did nothing lost out.

As a newspaper columnist, I am attracted to those who shake things up. Even when I veered into financial journalism, I found fertile ground for consumer activism in the mutual fund industry. Many companies treated investment advisers as their customers, while ignoring the needs of investors. That is no longer true.

I spend much of my time trying to help people with problems. There is a double standard in Canada. I call it two-tier service. Most businesses pay little attention to customers after the sale. They cut costs by outsourcing and making you wait on the phone. They send you boilerplate letters that say nothing.

In this book, I give you my best tricks for fighting back in areas where you spend lots of time and money (such as

banking, telecommunications, travel and retail). I enlist advice from my best journalistic sources.

Here is my top tip: Your loyalty is valuable. Do not give it away. Tell your service suppliers how long you have been loyal to them. You helped build their brands. You recommended them to others. Without you, they cannot grow as quickly.

Be steadfast. Take nothing for granted. Keep up the fight. When a company says no, take it to the media. Use the courts.

Victory goes to those who are stubborn and persistent. You can get a better deal. You can fight back.

Part 1

Outsmarting the Banks

As Canadians, we love the convenience and personal service we get at the big banks. We know our banks did a solid job during the recession and stock market crash in 2008-2009. They withstood the stresses that sunk some financial institutions in the U.S. and overseas. We're proud of their strength and conservative lending practices.

But there are many things we don't like about the big banks. They can make us so annoyed that we head off to smaller financial institutions, hoping to find a more caring attitude and more respect for customers.

Why do banks keep increasing their service charges and adding new charges, despite making billion-dollar profits? Why do they impose fees on products and services we already own without asking for permission or even notifying us?

Suppose you're moving your registered retirement savings plan from one bank to another. You may not see the fees that your bank charges to transfer the investments elsewhere until after doing the paperwork. These fees may not even have existed when you opened your RRSP.

Why do banks play games with interest rates? They often post rates that apply only to customers who don't make an effort to negotiate a better deal. It would be nice if they gave us their best rates right away and didn't force us to grovel.

These fictitious posted rates can come back to haunt you if you make an early exit from a closed mortgage in order to

sell or refinance. Banks often calculate the penalty using the higher rate you didn't have to pay, rather than the discounted rate you actually did pay.

Why do banks offer such a dizzying array of credit cards? You can easily get confused, trying to pick the best card for your needs and juggling the competing demands of interest rates, service charges, annual fees, warranties, cash back and travel or merchandise rewards.

Finally, why do banks try so hard to sell you insurance to protect your credit card balance if you get sick or lose your job? They used to do it in a sneaky way, adding it to your account and making you responsible to cancel it. Now the law has changed to outlaw such negative option billing. But some cardholders still say yes to telephone pitches for insurance, not knowing that it pays only the minimum balance each month and costs too much for the benefits that it offers.

It is clear that Canada's big banks can turn off loyal customers with their high-handed behaviour. But they do value your loyalty when you say you are ready to go to a competitor. They do not want to lose you.

You can get a better deal from your bank by playing on this desire to boost market share.

First, you describe what you want and what is available at other banks (after doing some research).

Second, you suggest that you will open new accounts or move accounts from other financial institutions if you get what you want.

Third, you will make an effort to encourage your friends and family to open or move accounts to the bank.

Fourth, you will use social media to talk about your good experience. You will not send negative comments to your Facebook friends and Twitter followers.

You get the picture. Banks want to get a greater share of your wallet. They negotiate with you and make concessions

if you promise to send more business their way. They value the influence you have on people in your social and business networks.

If you sit tight and accept what you are offered, you will not get the best deals on products and services. You may only hear about them when you are on the way out the door.

Treat the bank as you would treat a telephone company or car dealer. Do not accept the posted price. Ask for what you want. Keep pushing for more. Explain your worth as a customer. Suggest that you will leave. Then, make the bank beg you to stay.

Chapter 1

Get a Higher Interest Rate on Your Savings

The Interest Rates that big banks pay on your savings are rather low. In some cases, they're downright pitiful. So why do many of us keep our extra cash there, instead of moving it to a low-cost competitor that pays a higher interest rate?

I'm talking about the five big banks that dominate the industry: Royal Bank of Canada (RBC), Toronto-Dominion (TD Canada Trust), Canadian Imperial Bank of Commerce (CIBC), Bank of Nova Scotia (Scotiabank) and Bank of Montreal (BMO).

The Big Five have thousands of branches across Canada, which provide personal service, financial advice—and, yes—sales pitches for mutual funds, RRSPs (registered retirement savings plans), TFSAs (tax-free savings accounts) and other lucrative investment products. The cost of keeping branches open and staffed during the week (and often on weekends) forces them to offer lower rates on savings accounts, term deposits and guaranteed investment certificates than virtual banks.

The Big Five just can't compete with smaller banks that do business with customers by phone or Internet. It's much cheaper for rivals to operate without the expense of bricks and mortar. When the Big Five do offer a higher-than-average savings rate, they usually require high minimum balances or punitive fees for transfers or withdrawals.

Look at the book publishing business and how it has changed. You save a few dollars when you buy a book

online, even after paying the shipping cost. You save even more when you buy an electronic book online and download it to your reading device.

Banking has the same issues with higher costs in the real world and lower costs in the virtual world. The Big Five banks have a strategy of offering low posted rates to all their customers and then offering better rates for those who have more value to the bank. They keep their bottom line a secret, so you have to negotiate for the best deal that you can possibly get.

You don't have to settle for peanuts on your savings accounts, term deposits and guaranteed investment certificates. If you're a customer of the big banks, you can do better than the posted rate, as long as you're prepared to shop around and negotiate.

Here's how to get better rates:

- Compare the rates paid at smaller banks compared to those paid by the big banks. You can find a comprehensive list of rates on savings products at the *Toronto Star's* website, www.thestar.com (go to "Business" and then to "Loans and Rates").
- Try Cannex, another comparison shopping site (www.cannex.com). It's aimed at brokers, but does have some free information (such as the rates paid on Canadian deposit accounts).
- If you find a better deal at another big bank or a smaller rival, ask your own bank to match it. Suggest you will walk if you cannot get a matching offer.
- As bargaining chips, talk to the bank about your long-time loyalty as a customer and your family members' loyalty. Talk about the network of people you can influence.
- Argue that if you get what you want, you intend to open new accounts at the bank and transfer existing accounts

from other financial institutions. Your network may do the same thing.

- If you suggest that you will take your money elsewhere if you cannot get a decent rate, be prepared to walk away. This cannot be an idle threat, nor can it be delivered in a hostile manner. Your aim is to be friendly, courteous and non-confrontational.
- Decide what to do if your bank refuses to match the savings rates offered by smaller institutions. Will you compromise? What is your bottom line? Will you settle for half a point more than the bank's posted rate? Or will you settle only for a full point?
- Work out your strategy in advance. If you are told that the bank has little room to negotiate on savings rates, ask for a deal on another product. The bank may be keen to sell mortgages and able to help you switch your mortgage from another institution with the appropriate inducements.

Chapter 2

How to Fight Back when a Bank Cuts the Interest on Your Savings

Canada's Big Banks use a two-pronged strategy with savings products. They offer a low posted rate for most customers, but boost the rate for those who have more assets or who negotiate a better deal based on their value to the financial institution. In this way, the banks enhance their profits by market segmentation.

Never assume that you are getting the best rate because you are a long-term, loyal client of the bank. You have to keep asking your bank about savings rates. Never stop bargaining about rates and never stop keeping track of what you are being paid.

Rob Young's story shows what can happen with a bank savings account if you take your eye off the ball. As a TD Canada Trust customer, Young received a letter in 2010, telling him about what appeared to be a minor change. His account (called a Guaranteed Interest Account) was being transformed into an Everyday Savings Account with the same interest rate. He was told that if this account no longer suited his needs, he could book a free assessment at his branch.

Unfortunately, Young did not know that TD Canada Trust was launching a new and better account (called a High Interest Savings Account) at the time. He did not know that he was getting a lower and lower rate on his old account. Nor was he told that he could boost his savings rate by