



# Spotting red flags

If you spot one of these sales tactics or red flags when you're shopping for financial products or services, think twice before you sign anything. It's always okay to walk away from a purchase if something doesn't feel right or you see a red flag.

RED FLAG	DESCRIPTION
Pressured sales tactics	You're pressured to purchase things or take out loans you don't want or can't afford
No consistency	Different staff or salespeople are telling you different things regarding pricing or other information
Won't put it in writing	No one will give you clear information in writing, even when you ask for it
Unexplained fees	No one can explain what certain fees are for or what they pay for
No clear cancellation or return policy	There's no clear cancellation or return policy—don't assume you're able to return a product or cancel a purchase
Inconsistent information on interest rates	The salesperson tells you about an interest rate, but the numbers on the form are much higher
Pushed to purchase	You are being pushed to make a big-ticket purchase immediately—if a salesperson says the offer won't still apply if you take a day to think about it, be suspicious
Steering and coercing	Aggressive sales tactics are used to steer and coerce you toward a high cost loan, even though you could have qualified for a regular prime loan
Paperwork doesn't match the sales pitch	The promises made to you by a salesperson aren't in the papers or the online documents that you're asked to sign

RED FLAG	DESCRIPTION
Confusing fine-print	A simple rule to follow is to refuse to sign anything that you don't understand
Incomplete paperwork	Never sign a contract with blank spaces to be filled in later
Additional insurance and other add-on products	Some lenders may insist on or imply that borrowers must buy unnecessary items like additional insurance, unneeded warranties, monitoring services, etc. They get incorporated into the loan amount, and the borrower pays interest on them over the life of the loan
Prepayment penalties	Prepayment penalties are fees lenders require a borrower to pay if the borrower pays off a loan early