



AVOIDING ONLINE DEBT RELIEF SCAMS IN ALBERTA

**HOW TO SPOT ONE.
HOW TO PROTECT YOURSELF.**

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Nobody Likes a Stressful Situation. Except Scammers.

Debbie (not her real name) was struggling to stay out of debt. Rising rent, gas and food bills kept adding up. Her two credit cards were maxed out. She needed help. She googled for companies that could provide a debt loan. As if by chance, an ad from a debt loan provider showed up on her social feed. Their site looked very professional. They had news stories and good reviews. So, Debbie reached out.

The 'advisor' said they could provide a \$40,000 loan. No paperwork was required, but she was told it was urgent to move quickly. All that Debbie needed to do was pay a "transfer fee" of \$1,000 upfront. She scraped together the money and sent it by e-transfer.

Debbie was told she had to pay another \$500 'loan insurance' fee, so she did. But when she refused to pay a third fee that sounded suspicious, she never heard back from the company again. The loan she was promised didn't arrive. She never saw her money again.

Debbie was the victim of a debt scam.



Debbie is far from alone. Debt relief scams are on the rise in Alberta. The vast majority occur online. And they are becoming increasingly sophisticated.

According to *Corporal Sean Milne of the Provincial Financial Crime Unit of the RCMP (Alberta)*, these frauds are coordinated by organized criminal operations.

Thousands of victims fall prey to these professional scammers and lose large sums of money. Instead of improving their debt situation, it only gets worse. Once the money is gone, it is rarely recovered.

This guide explains how these scams work and how you can avoid falling for them.

WHO CAN LEGITIMATELY HELP YOU RESOLVE DEBT IN ALBERTA?

Turn to page 11 to find out!

We'd like to acknowledge Corporal Sean Milne of the Provincial Financial Crime Unit of the RCMP (Alberta) for generously sharing his experience and expertise on this subject.

"Thousands of victims fall prey to these professional scammers and lose large sums of money. Instead of improving their debt situation, it only gets worse. Once the money is gone, it is rarely recovered."

What Is a Debt Relief Scam?

A **debt relief scam** is a fraudulent or deceptive scheme where a fake company or organization promises to reduce, settle, or eliminate a person's debt. The most common approach is to offer a loan or grant to help repay debt.

The scammer will **trick the victim into paying them upfront...** before providing the promised loan or debt solution. This is known as "**Advance Fee Fraud.**" It is illegal in Canada.

How Does an Online Loan Scam Work?

RCMP Corporal Sean Milne shared the following insights on how debt loan scams typically work:

1. The scammers create a fake company with a realistic web page.

The site will appear legitimate. Often, it will have positive ratings and press releases. It may look like a website that is recommending top debt solution providers. Sometimes, they'll use a name that is close to that of an established company.

2. Those seeking debt relief find these sites. Phishing mails or social media ads/stories for these fake companies may suddenly appear if you've googled/viewed/liked anything related to debt relief.

3. The person will be asked to contact a representative. This will often start by email, or through a contact us/apply form on the phony website. Once a relationship is established, they will try to speak to you by phone. They may even provide a phone number they can be reached at – which makes it feel legitimate.

4. The representative will provide a solution. The scammer will offer an attractive solution to help. It is often a loan or a grant (see types of scams).

5. The scammer will insist on getting money upfront before the loan can be provided. They will claim this is a *processing, administrative or tax fee or an insurance/security deposit*. In some cases, the scammers may ask for multiple up-front payments. Pressure tactics will be used to create a sense of urgency (eg. a limited time offer). Intimidation or threats may be involved.

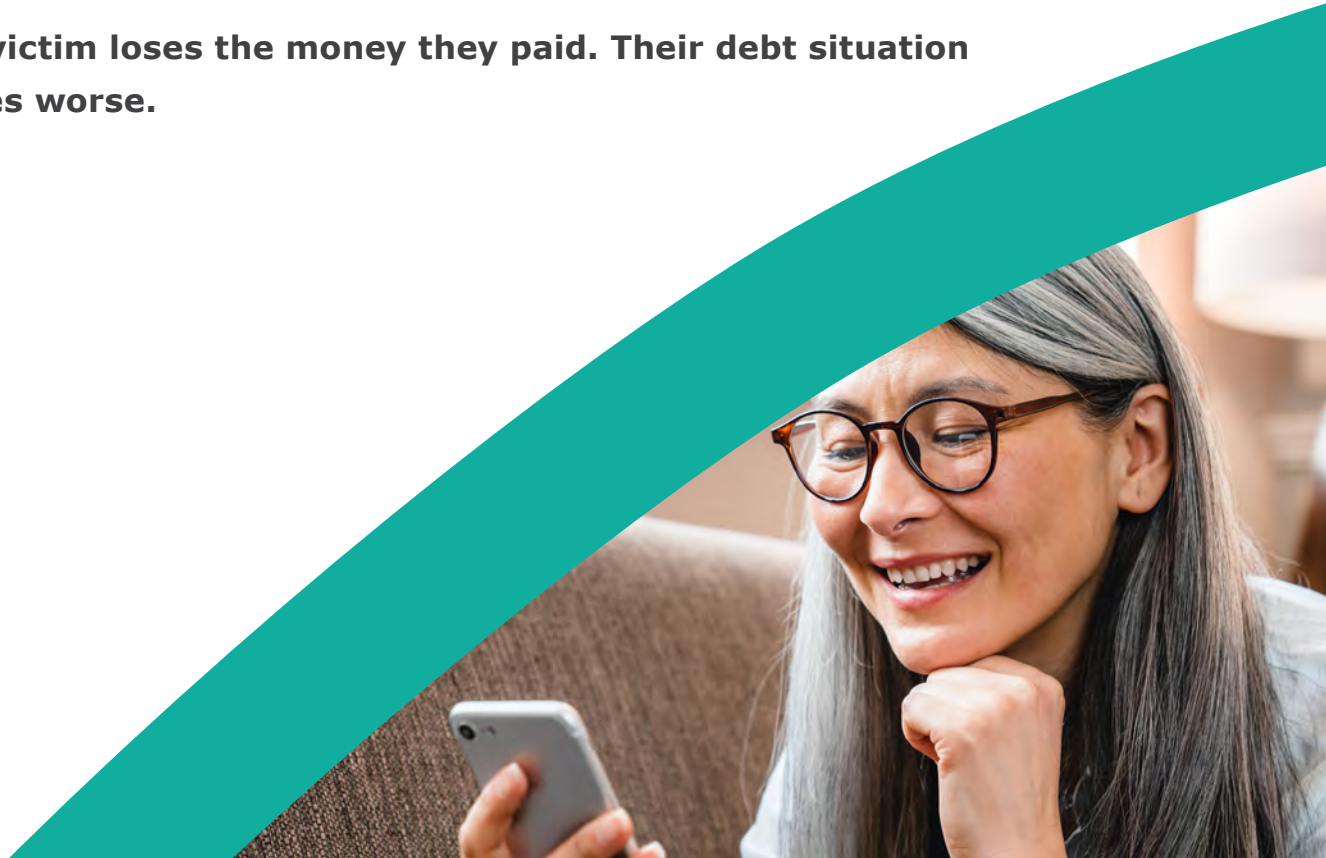
They will generally request that the payment be made by e-transfer or Bitcoin.

6. They will try scamming even more money from the trusting victim.

Once the victim has made one upfront payment, the scammer will convince them to make additional payments to cover various made-up fees or services. Examples include: security deposit, insurance fees, and transfer fees. These fees sound legitimate, so victims often don't hesitate to pay.

7. Once the victim refuses to send money (or any more money), the scammers will disappear. The promised loan will never arrive. The scammers may change the website URL before moving on to the next victim.

8. The victim loses the money they paid. Their debt situation becomes worse.



6 Debt Relief Scams

Fraudsters have become very sophisticated. Here are the most common types of debt relief scams reported in Alberta.

1. DEBT LOAN SCAMS (ONLINE)

Legitimate-looking online websites for **fake lending institutions** promise an attractive debt repayment loan. Before the loan can be processed, the victim is told they must first send an upfront payment. The scammer will disappear once the money is received without providing the loan.

2. DEBT GRANT SCAMS (ONLINE)

This is a variation on the loan scam. The scammer **poses as a government agency or not-for-profit** that can offer free grant money to help reduce debt. Again, they request upfront payment (for assorted fees) before sending the grant. The scammer will vanish once the money is in their bank account.

3. CREDIT REPAIR SCAMS (ONLINE)

This online scam targets those worried about poor credit ratings.

The scammer claims they can help improve the person's credit score through a credible-sounding solution. In some cases, the scammer takes money upfront without providing the service (which meets the legal definition of fraud).

In other instances, the scammers will ask for sign-up fee plus a small weekly fee to fix a person's credit score. However, they use fine print, which gives them legal cover to offer a service that doesn't deliver the expected results. Such scams walk a fine legal line, which makes them hard to prosecute.

4. TELEPHONE DEBT RELIEF SCAMS

Scammers cold call people, looking for those in debt trouble. They may offer to negotiate with creditors to settle or reduce debt for a fee in advance. It may be a call from a real person or an automated robocall.

5. AUTO LOAN MODIFICATION SCAMS

The scammer will falsely claim they can reduce the victim's monthly car loan or lease payments to help them avoid repossession. You guessed it... they'll offer to do this for an upfront fee.

6. THREATS & EXTORTION

Sometimes, the scammers will increase the pressure on victims and start making threats – especially once their scam is discovered. This may include sharing information about the victim's debt problems with family members, the government, banks... even child welfare authorities. It can be scary. If someone makes a threat and demands money, the fraud escalates to a more serious crime known as extortion.

READ UP ON THE LATEST SCAMS:

Visit the [Canadian Anti-Fraud Center](https://www.caafc.ca) website.



SPEED & SECRECY: THE SCAMMER'S SECRET WEAPONS

"Fraudsters rely on two key factors, and that's speed and secrecy," explains *Corporal Sean Milne of the RCMP's Provincial Financial Crimes Unit*. "They want the victim to act without thinking, by creating a sense of urgency, and they don't want the victim to talk to anybody else about what's going on... because that raises the chances that somebody will point out to the victim that this isn't right." *Milne adds that because the victim is in a stressful situation with debt, it makes the scammer's job easier. When promised an easy way out, he says people can become blind to red flags and warning signs.*

How to Avoid Being Scammed

Knowing the red flags that signal a debt relief scam can help you avoid more financial trouble. Here's what to watch out for:

NEVER EVER SEND MONEY TO GET MONEY!

In Canada, it is ILLEGAL to charge an upfront fee for providing money (this applies to loans, grants... even lottery winnings).

DON'T BE RUSHED INTO MAKING A DECISION.

Speed and pressure tactics are known tactics of fraudsters (see below).

BE WARY IF THEY DISCUSS DEBTS YOU'RE UNAWARE OF.

Sometimes scammers will try to get even more money out of you by falsely claiming that other creditors are pursuing you, such as the Canada Revenue Agency.

NEVER PAY FOR DEBT RELIEF SERVICES USING BITCOIN!

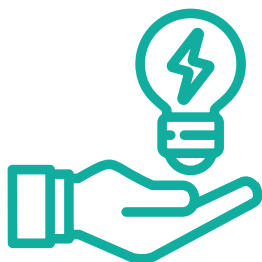
Cryptocurrency is hard to track, which makes it a preferred choice for criminals and scammers.

SUSPICIOUS? CALL THE POLICE FOR ADVICE.

The police are always happy to prevent fraud before it happens. If you think you're talking to a scammer, contact your local police for advice (on the non-emergency line).

Additional Tips from the Canadian Anti-Fraud Centre

- **Don't Be Afraid to Say No:** Don't be intimidated by high-pressure sales tactics.
- **Do Your Research:** Always verify that the organization you're dealing with is legitimate.
- **Don't Share Personal Information:** Eg. Social Insurance Number or Banking Information.



Who CAN help with Debt?

If you or a loved one are overwhelmed by debt, there are several types of debt repayment plans available. In Alberta, these services are offered through the following trained and licensed advisors.

LICENSED INSOLVENCY TRUSTEES (LITS)

LITs are regulated professionals who are authorized to facilitate Personal Bankruptcy and Consumer Proposal applications. A Consumer Proposal is a negotiated agreement with creditors that can often significantly reduce repayment and provide greater asset protection. Both options provide legal protection from creditors and can include tax debt owed to the CRA.

MONEY MENTORS

Money Mentors is legislated in Alberta to manage the **Orderly Payment of Debts (OPD)** program. Debtors apply to the Courts to consolidate unsecured debts into a single monthly payment to repay debts in full at a reduced interest rate. This program is legally binding on creditors.

CREDIT COUNSELLING SOCIETY

In Alberta, the Credit Counselling Society runs the **Debt Management Program**, an informal debt consolidation program for those with lower debt levels.

Which Program is Right For You?

[Learn More](#)



Make a Plan. Avoid the Scam.

By reaching out to a trusted debt relief provider, you can be assured you will get qualified guidance and support from a trained professional.

BNA is Here to Help.

Let us take away the stress of debt. Speak to a Licensed Insolvency Trustee at BNA.



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