

# A guide to cons, scams and swindles affecting small businesses

Aberdeenshire Council  
Trading Standards



Small businesses are increasingly the target of ruthless firms trying to make easy money. Usually they convince you that they can find you work or finance or save on your overheads. They expect to be paid in advance and it's often months later that the small business realises they're not getting what they were led to expect.

Some of the more common scams are outlined here but new ones keep appearing. Most operate in a similar way:

Look out for these warning signs:

- First approach is by unsolicited phone call when they'll try to arrange a visit by a sales representative. The telesales script is cleverly worded and may lead you to believe you'll save lots of money. Listen carefully to what is and isn't said.
- Follow-up visit to your premises. You may be shown information to convince you but this is rarely left for you to read at leisure. The information may look glossy and professional.
- You'll be pressured to sign a contract the same day and pay upfront. You may be tempted by promises of a refund if you don't profit within a fixed period. Refund policies are worthless if the firm disappears.
- The fee may be anything from £300 upwards depending on what you're being sold.
- Afterwards you find the services you paid for just don't happen or are not what you were led to believe.

- When you complain you're told you got what was in the contract or that the refund clause is inoperative because you haven't complied with the contract.
- It's often impossible to get your money back even if you take court action.

### **Protect your own firm:**

- Do try and make a record of any telesales contact.
- Don't agree to meeting with a sales rep without someone else being present as a witness and to take notes.
- Do ask the rep to put in writing, sign and date any claims which might induce you to sign up.
- Do ask for the contract and other details to be left with you so you can consider it without pressure if the deal seems attractive.
- Do read the contract including the small print before you sign. Make sure it promises the same as the sales rep has claimed. Beware if it denies any liability for any representations made by the sales rep. If in any doubt don't sign. Get advice from a solicitor, local Chamber of Commerce or Trading Standards Service.
- Don't pay in full upfront even if you're told you'll get a special discount.
- Don't sign a Direct Debit mandate unless you're sure of what you're dealing with. It's not unknown for unscrupulous traders to withdraw several lots of money this way before you realise what's happened.
- Do ask for a list of at least three previous clients who you can contact for references.
- Do ask for details of the firm. You must get name, address and phone number.

### **Business Grants**

If you run a small business think carefully if you're contacted with the promise of a list of European business grants in return for an upfront payment of around £350. Such grants do exist but may only be available in extremely limited circumstances.

Many firms claim they have been misled into thinking they would get thousands of pounds but all they got was a list of sources of finance which they knew about anyway or was not appropriate.

The Department of Trade and Industry or your main library may provide this information free or for a low fee through its Business Link system. Ask at your local library or Chamber of Commerce for details.

### **Reduce your business rates**

Many small firms are phoned and visited with the offer of getting their business rates reduced for a fee of around £300. Many are misled into thinking the fee is refunded if the rates appeal doesn't succeed.

These contracts, like those for business grants above, are often carefully worded and may be hard to get out of.

If you think your rates are unfair it's easy to make your own appeal. The local Valuation Office will tell you how to go about it and what evidence you need to support your case. A chartered surveyor will do an expert report much cheaper than the £300 fee you might have paid.

### **Insurance Contract Tenders**

The initial approach is similar to those above, but the fees are often much higher - around £700 -£900 or more.

Contractors are led to believe they will be part of a network with access to insurance claim work. The firm claims that in return for an annual fee you will be sent lists of contracts and invited to tender. Victim firms commonly complain that the contract information they receive is completely inappropriate for their type of business - too big or too far away.

You may just get sent lists of planning applications which are available to the public in any case or you may get sent nothing at all.

### **If you are still tempted:**

- Ask what insurance firms they do regular business with and ask for a contact name and address so you can check out their claims. Check with the [Association of British Insurers](#) to make sure they are genuine.
- Work out how many advertisements in your local press, Yellow Pages etc you could get for the money you would be spending on the fee.

### **Advertising in directories and wall charts**

You'll be offered advertising for your firm to be included in a directory which has a wide distribution or a wall chart which will be displayed in a public area. Sometimes claims are made that a charity will benefit. The price is often upwards of £100. The directory or wall chart rarely appears.

Contact Trading Standards if you receive an invoice for an unsolicited entry in a directory.

### **Office stationery**

Even big firms have been stung by this scam. Unsolicited office stationery goods such as photocopier paper is delivered along with an invoice. Often the price is exorbitant. In firms where the accounts and ordering system is lax the invoice may be paid without anyone realising until too late that no order had ever been made.

Sometimes employees are misled by phone calls into agreeing to stationery orders. When the mistake is realised the supplier threatens to sue and says the phone call was recorded.

The best way of preventing this happening to your firm is to have a clear purchase order system in which all employees understand who is authorised to make purchases.

### **Quality standards and certification**

Companies offering consultancy and certification to ISO 9002 approach many businesses. Some of these companies have misled prospective customers about whether they are accredited with the United Kingdom Accreditation Service (UKAS). Whilst certification companies are not obliged to be UKAS accredited, certification which is not issued by an organisation accredited by UKAS may in some instances not be recognised by organisations with whom you may wish to deal. Only UKAS approved certification allows companies to be entered into the United Kingdom Register of Quality Assessed Companies and display the accreditation mark. If this is important to you, make sure the organisation you are dealing with is UKAS registered and approved.

### **FURTHER ADVICE IS AVAILABLE FROM:**

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