

Inquiry Leads or “Trigger Data” Causing Problems for Consumers

Big Brother is watching and profiting from your actions. The major credit bureaus have found a new profit center for the information they have on us in the vast data banks known as our credit reports. It has been well known for years that the pre-approved credit card offers we receive in the mail were stemming from information sold by the credit bureaus (known as pre-screened offers). “Opting out” would get us off of these lists, reducing the amount of junk mail we receive and thwarting the opportunity to identity theft that the pre-approved offers pose if they were to fall into the wrong hands.

Now the latest deviation of the pre-screened offer is the “inquiry lead.” When you apply for credit, within 24 hours several other banks may be notified of your application. You will start receiving telephone calls and mailers offering you lending products based on what you applied for. This is most commonly regarding mortgages. The problem is that many of these offers result in bait-and-switch tactics. The telemarketer will make any promise they think a consumer wants to hear to try to lure the prospect away from the original lender. Here are some of the tactics being used:

- The telemarketer claims they were notified by the original lender of the application and asked to call the consumer.
- The telemarketer making specific promises that aren’t met at closing.
- The telemarketer hounds consumers about whether they are getting the best deal from their current lender.
- Paperwork sent to consumers in hopes they will “accidentally” fill out and return the information, thus starting a file with the other lender.

This information does not come cheap; purchasing 50 leads will cost over \$3,000. The standard conversion rate is 2%, so on 50 leads a lender can expect to get one closed loan. One closed loan at a cost of \$3,000... Guess who is paying the price in their closing costs? If a telemarketing firm wishes to close 20 loans they would need to buy 1,000 leads at a cost of over \$60,000. Do you think there might be a motive to say anything to get a consumer to go with their company? In the bait-and-switch game participants misconstrue information to make their offer look better. One example is to give a rate they call a 30-year rate, but it may actually be a 2-year adjustable rate amortized for 30 years. If a consumer leaves their recommended lender based on a slightly lower rate they may find out at the signing table they are actually getting a short-term rate instead of the 30-year fixed rate they wanted

Not only are telemarketers competing with the original lender, but they are competing amongst themselves. There are several companies buying this information from the credit bureaus and reselling it to telemarketers. Sellers of this inquiry data market it as “like having a crystal ball telling you when someone fits your desirable lending profile.” They do say conversion depends on the telemarketer’s skill on the phone and ability to demonstrate a better offer.

The good news: you can remove your name from all of this. Under Federal law you have the right to remove your name from all pre-screened offers by calling (888) 567-8688 or going online to www.optoutprescreen.com. If you feel that you are being harassed or have been a victim of a bait-and-switch contact the Federal Trade Commission to file a complaint at www.ftc.gov.

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