

Solving the Phone Bill Cramming Problem

By Tom Davis

What is Cramming and Who are Crammers?

You are a victim of cramming when a charge for a “service” you never requested appears on your phone bill. A crammer creates fraudulent charges and slips them onto your monthly statement.

Cramming has been growing fast. In 1999, the GAO reported that state regulators fielded 800 complaints about cramming in 1996 and 25 times as many (20,000) in 1998. This year the FTC’s website states that cramming bilks consumers out of hundreds of millions of dollars a year.

I’ve been crammed 5 times in the last 15 months. If I wasn’t taking the time to check my phone bills, I would be paying crammers over \$500 per year for “services” I never requested.

Phone companies and their customers, are helping crammers rich. One accused crammer from Arizona threw a \$500,000 Christmas party and is building the largest home in the country – with your money!

How Does Cramming Work?

Crammers are creative, hi-tech crooks. They use many different scams to steal your money. But there is one common thread – they all need your name and phone number. When they have those two pieces of information, they send bogus bills through an aggregator, or billing consolidator, to your phone company. The phone company puts the charge on your bill, collects from you and pays the crammer.

When customers notice fraudulent charges on their bills, they can now call the phone company, have the charges removed and blocked from future phone bills. That’s great. It protects the customer who finds the cramming. But, the phone company rarely stops the crammer from passing fraudulent charges to their other customers!

Crammers succeed because many customers pay their bills without checking them. They also succeed because phone companies don’t stop them. Phone companies provide a valuable billing service to crammers and they earn a percentage of every dollar their customers lose to crammers. Would you like to know what that percentage is? I would.

So, What's the Solution?

Customers have been helped by remedies such as:

- Consumer education,
- Public utility commission rule changes,
- State and federal legislation, and
- Vigorous law enforcement.

However, millions of customers continue to be crammed.

Phone company rules make it the customer's responsibility to notice and stop cramming. The rules need to be changed so they favor the customer instead of the phone company, aggregator, and crammer.

With the FTC Cramming Forum approaching, phone companies have taken positive actions to demonstrate their ability to handle the problem. But, businesses that have profited from cramming for more than a decade cannot be trusted to solve the problem now.

The solution is:

Eliminate all Third Party Billing through Phone Companies.

This rule change will have the following fall-out:

- Customers will save millions – perhaps billions of dollars.
- Legitimate providers will have to bill their customers directly.
- Honest companies will get paid for services rendered.
- Crammers and aggregators will fold their tents.
- Phone companies will lose a source of income.

It won't be easy, but it's the right thing to do.

Tom Davis is retired from careers as an engineer and a contractor. He became interested in consumer advocacy when he started examining his phone bills.

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