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Impact of Consumer Protection Act 2019 in protecting elderly against financial scams

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ABSTRACT

Finding ideal consumers, also known as target audiences, is one of the most important factors that determine the growth of a producer or agency. A firm targets consumers and produces and markets goods and services accordingly. In unethical trade practices, older people are often the target audience of scammers and fraudsters since they are slower to adapt to technology and they are easier to manipulate. Businesses and agencies take advantage of the elderly due to their emotional and technological fragility and vulnerability. The elderly constitute a significant number of victims of unethical trade practices online. Fraudsters target older consumers for certain reasons, like their weak mental state, weak decision-making capacity, and most of them being technologically backward and unaware of the scams and frauds around them. The scammers talk to them with a kind, comforting attitude and warn them and pressurize them into doing what they want them to do by establishing a sense of fear by saying the victim might face unwelcome consequences or losses if they do not act as instructed by the scammer and most of the time this strategy works and the victims are the mere puppets of these anonymous online voices. These fraudsters present themselves as saviours and loot the victim, in some cases looting off their entire life savings these acts also fall under elder abuse since in these practices the elderly are financially and mentally exploited and financial and mental abuse against the category of elder abuse. The consumer Protection Act in India

protects elderly consumers against scams and fraudulent activities. The Consumer Protection Act (2019) Act defines a consumer as any person who buys goods or avails services for consideration, and this includes the elderly population. The core objective of this paper is to inform the readers about the scams that target elderly consumers and about provisions under the Consumer Protection Act (2019) that deal with scams and fraudulent activities.

Key words: Consumer Protection Act, fraud, elderly, scams, target audience, financial abuse

INTRODUCTION

Financial scam is a very common problem faced by a lot of consumers around the globe. These scams can cause a lot of psychological and economic impacts to the victims especially the vulnerable and fragile consumers like the elderly. The elderly consumers can be classified as the consumers who are above the age of 60 and above, and the ones who fall for these scams are usually technologically backward or have weak decision making capacity due to their age factor. Fraudsters target these consumers as they hardly report it to anyone due to factors like embarrassment and also the fear that their families might not allow them to use technology again. Also falling under this age category is prone to various health conditions under the dementia spectrum and that might have an impact on their ability to think and remember. Consumer Protection Act, 2019 is a crucial law in India that aims to safeguard the interests and rights of consumers, including the elderly population, against fraudulent practices and unfair trade practices. The Act provides for the establishment of various consumer forums and courts to ensure effective redressal of grievances of consumers. Financial scams against the elderly have become a significant concern in India, with scammers targeting vulnerable older adults and exploiting their trust and lack of knowledge about financial products and services. Such scams can have severe financial and psychological consequences for

the elderly, who may lose their hard-earned savings and be left vulnerable to financial hardship. The Consumer Protection Act plays a vital role in protecting elderly consumers from financial scams by providing them with legal remedies to seek compensation and redressal for any harm caused by fraudulent activities. The Act empowers consumers to file complaints against unfair and fraudulent trade practices and seek compensation for any loss suffered. According to a report by HelpAge India, older adults are particularly vulnerable to financial scams, with a majority of them being targeted by fraudulent telemarketing calls and lottery scams. The report also highlights the need for stronger legal provisions and consumer education initiatives to protect elderly consumers from such scams.

Who are the Elderly Consumers?

In India, elderly consumers are typically defined as individuals aged 60 years and above. According to the 2011 Census of India, the elderly population in India was 103 million, which accounted for 8.6% of the total population. However, this number is expected to rise significantly in the coming years due to increased life expectancy and improved healthcare. Elderly consumers in India come from diverse backgrounds and have varying levels of education, income, and healthcare access. Some elderly individuals in India continue to work, while others are retired. Many elderly individuals live with their families, while others live alone or in senior living communities. Elderly consumers in India are an important market segment for many industries, including healthcare, financial services, travel and leisure, etc. As a group, they often have unique needs and preferences that businesses and scamming organisations consider while introducing their product and introducing services.

RESEARCH OBJECTIVE

Scams are one of the major concerns faced by the elderly, these scammers are very aware of the factors that can trigger the fear inside

individuals and make them act as they want to carry out these unethical acts

- Understand how scams take place and what makes the scammers successful in doing so
- The impact of online platforms in carrying out these scams
- How Consumer Protection Act 2019 and other legal frameworks play a major role in providing remedies for the aggrieved.

EXISTING METHODS AND LAWS CONCERNING SCAMS AGAINST ELDERLY:

1. Consumer Protection Act, 2019: The Consumer Protection Act 2019 provides important legal protections for elderly consumers in India, helping to safeguard them against fraudulent activities and scams. It provides remedies for scams against the elderly, such as the right to file complaints, the right to compensation, and penalties for non-compliance.
2. Indian Penal Code (IPC): The IPC includes provisions for fraud, cheating, and criminal breach of trust, which can be used to prosecute individuals and entities found to be engaging in fraudulent activities or scams against elderly consumers.
3. Maintenance and Welfare of Parents and Senior Citizens Act, 2007: The Maintenance and Welfare of Parents and Senior Citizens Act, 2007 provides for the maintenance and welfare of elderly parents and senior citizens in India. The Act includes provisions for protection against abandonment and neglect, as well as for the establishment of old-age homes and tribunals for the redressal of grievances.
4. Reserve Bank of India (RBI) guidelines: The RBI has issued guidelines for banks and financial institutions to prevent frauds and scams against elderly consumers. The guidelines include measures such as the introduction of senior citizen-friendly banking services and the requirement for banks to report suspected frauds and scams to appropriate authorities.

5. National Elder Helpline: The National Elder Helpline is a toll-free helpline (1800-180-1253) established by the Ministry of Social Justice and Empowerment to provide assistance and support to elderly individuals. The helpline can be used to report scams and fraudulent activities against elderly consumers.

Overall, these methods and laws provide important protections for elderly consumers in India, helping to safeguard them against fraudulent activities and scams. It is important for elderly individuals and their loved ones to be aware of their rights and to seek help from appropriate authorities in case of any fraudulent activity and this paper focuses mainly on the features of Consumer Protection Act 2019 concerning scams against elderly.

CONSUMER PROTECTION ACT 2019 AND ITS SIGNIFICANCE IN SCAMS AGAINST ELDERLY:-

The Consumer Protection Act 2019 is an important law in India that provides legal protections for consumers, including elderly consumers who are often targeted in scams and fraudulent activities. The Act recognizes the vulnerability of elderly consumers and ensure that their rights are protected. Under the Act elderly consumers have the right to file complaints against fraudulent activities and scams, seek compensation for damages, and receive penalties for unethical practices. The Act also provides for the establishment of Consumer Disputes Redressal Commissions at the district, state, and national levels, which can be used by elderly consumers to seek redressal of grievances. The Act has several provisions that specifically protect elderly consumers. It mandates the establishment of a Central Consumer Protection Authority (CCPA), which has the power to investigate and take action against unfair trade practices and misleading advertisements that target elderly consumers. The CCPA also has the power to impose penalties and fines on offenders. The Act also requires businesses and service providers to take special care when dealing with elderly consumers. For instance, it mandates

businesses to provide clear and easy-to-understand information about their products and services and ensure that elderly consumers are not misled or exploited. Overall, the Consumer Protection Act 2019 is an important law in India that provides strong legal protections for elderly consumers. It plays a crucial role in safeguarding their interests and ensuring that they are not exploited by fraudulent activities and scams

CONSUMER RIGHTS UNDER CONSUMER PROTECTION ACT, 2019:

The following consumer rights are mainly defined under the 2019 consumer protection bill.

- Be protected from the promotion of products and services that pose a risk to property or human life.
- Be knowledgeable about the standard, price, quantity, potency, purity, and quality of products and services.
- Count on having easy access to a range of products and services at affordable rates.
- Get redress for unfair and limiting business practices.

What are the main features of Consumer Protection Act 2019?

The following are some of the main features of consumer protection act in facilitating consumer rights for elderly:-

- The term of "customer" has been expanded under the new Act to comprise offline and online transactions made using electronic tools, teleshopping, direct selling, or multi-level marketing.
- District Commissions initial financial jurisdiction cannot exceed Rs. 1 crore, State Commissions can range from Rs. 1 crore to Rs. 10 crores, and National Commissions can exceed Rs. 10 crores.
- In addition to the preceding restrictions, the complainant may now file the complaint within the commission's territorial jurisdiction where they personally work for gain or where they reside. While the State Commission still

has the authority to excuse a delay, the appeal deadline has been extended from 30 days to 45 days from the date of the order.

- The State Commission must have a minimum of four members and one president.
- The opposing party must deposit 50% of the amount determined by the District Commission before bringing an appeal before the State Commission. Before, the highest limit was Rs. 25,000, but that limit has been eliminated by the new Act.
- The primary draw of the new Legislation is complaint filing electronically. The complainant can submit his complaint online and use video conferencing to attend hearings and/or question witnesses, making it more reliable and accessible for elderly consumers with health problems due to aging
- The new Legislation introduces a brand-new idea called "Product Liability," which means that manufacturers and sellers of goods are liable for any harm caused to consumers as a result of defective products. This provision is particularly important for elderly consumers, who may be more vulnerable to harm from defective products.

How vulnerable are the Elderly to Scams?

In a recent article of the Financial Express it was stated that, "An estimated \$36 billion is lost in scams and fraud on the elderly each year in India". This is a major loss for the victim of such fraud and their families. According to the Microsoft 2021 Global Tech Support Scam Research report, consumers in India experienced a fairly high rate of online fraud of 69% in 2021. With the rapid expansion of digital enablement of services such as online payments, banking and shopping, the vulnerability of the elderly population has increased, opening up a need gap for building awareness of personal data protection and cybersecurity, especially pertaining to financial fraud. Online platforms have made it much

easier for criminals to carry out scams. Because of the anonymity provided by many online platforms, scammers have been able to commit their crimes without leaving a trace. Furthermore, the ability to reach a large audience quickly and cheaply on social media sites and other online platforms has enabled scammers to reach more potential victims than ever before. Finally, the prevalence of online payment systems has made it easier for scammers to collect payments from victims without leaving a trace.

Types of Scams against elderly consumers:-

1. Telemarketing/Robocalls: Fraudulent telemarketers will target elderly individuals by calling them and offering fake services such as medical alert systems, home security systems, or other services. They will pressure the elderly into signing up for these services and then charge them an expensive fee.
2. Phishing: Scammers will send emails or texts pretending to be from a legitimate organization such as a bank or the government. They will ask for personal information such as passwords, credit card numbers, or Social Security numbers.
3. Grandparent Scams: Scammers will call an elderly individual posing as their grandchild and claim to be in need of money for an emergency such as bail money or medical bills. They will ask for money to be sent via wire transfer or other forms of payment.
4. Investment Scams: Scammers will target elderly individuals by offering fake investments with high returns. They will pressure the elderly into investing large sums of money, which the scammer will then take and disappear.
5. Counterfeit Prescription Drugs: Scammers will offer elderly individuals counterfeit medications at discounted prices. These medications may contain dangerous or inadequate ingredients and may cause serious health problems.

6. Home Repair Scams: Scammers will target elderly homeowners by offering home repair services at a discounted rate. They will then either do shoddy work or not show up at all and leave the homeowner with an expensive bill.
7. Fake charities: Criminals posing as representatives of legitimate charities will often call elderly people and try to get them to donate money. They may also offer free products or services in exchange for a donation, or they may pressure people to donate by telling them they are helping a good cause.
8. Medicare and insurance scams:- fraud agencies claim to be legitimate and manipulate the elderly into buying insurance premium for their secure future, since the elderly are often very health conscious they would not hesitate to pay hefty amounts for a premium.

The above listed are some of the most common scams often faced by the elderly and there are new methods of scamming being introduced on a regular basis so the above examples are only for the understanding of the readers and it does not certainly conclude that these are the only methods of scamming the elderly. And all these scammers emotionally exploit their victims and loot them off their savings. This practice is highly unethical and inhumane since these scammers are preying over the vulnerable categories of consumers and taking advantage over their emotional vulnerability and lack of knowledge regarding these scams.

Cases related to scams against the elderly consumer:-

1. Sahara India Real Estate Corporation Ltd. Case: In 2014, the Supreme Court of India ordered Sahara India Real Estate Corporation Ltd. to refund over Rs. 24,000 crore to investors, many of whom were elderly, in a case related to illegal collection of funds through optionally fully convertible debentures.

2. Saradha Chit Fund Scam: The Saradha chit fund scam was a major financial scam in West Bengal and surrounding states that involved the collection of thousands of crores of rupees from lakhs of investors, many of whom were elderly. The case is still ongoing.
3. SpeakAsia Online Scam: In 2011, the SpeakAsia Online scam was uncovered, where the company had duped around 24 lakh investors of over Rs. 2,276 crore, many of whom were elderly.
4. Amway Scam: In 2006, the Amway scam was uncovered, where the company was accused of luring elderly people into becoming distributors and selling products to their family and friends. The company was fined Rs. 21.5 crore.
5. QNet Scam: QNet is a multi-level marketing company that has been accused of duping several investors, including the elderly. The case is still ongoing.

The above mentioned are some of the important cases to refer when it comes to understanding of scams against elderly.

CONCLUSION

According to a study conducted by the National Council of Applied Economic Research (NCAER) in 2019, around 20% of elderly respondents reported being victims of financial fraud, while around 10% reported being victims of investment scams. The study also found that elderly individuals living alone were more vulnerable to scams compared to those living with family. Another survey conducted by HelpAge India in 2020 found that around 56% of elderly respondents reported being aware of phone or online scams, while around 26% reported being victims of such scams. The most common scams reported were related to lottery and prize offers, bank fraud, and insurance scams. Through this research the author is addressing why it is important for elderly individuals and their loved ones to be aware of the potential scams targeting them and to take

appropriate measures to protect themselves from fraudulent activities. This can include being cautious about sharing personal information, avoiding unsolicited phone calls and emails, and seeking help from trusted sources before making financial decisions. The elderly and their loved ones must be aware of these scams that take place and awareness regarding these scams must be provided and more specified laws should focus on improving the condition and knowledge of the elderly consumers. As most of the times they hardly know that their rights are being violated and they do not know that there are remedies provided under law for them.

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