

The Truth about Check-Cashing Shops:

A Quick Alternative to Disappearing Customer Service Centers or a Financial Trap for Consumers?

It's that time of the month again. The time when bills are gathered, check books are opened, and most consumers' heads start swirling as they try to get a handle on rising utility prices. Somewhere in between the havoc of sorting and gathering all of the household bills, often times we discover there is one that has gotten lost in the shuffle and the due date is looming slightly closer than originally anticipated – TOMMOROW! In true proactive form, you quickly weigh your bill payment options and access the best solution that won't incur a late fee or worse, disconnection. Option One – Mail, while the United States Postal Service is reliable, you don't have time to wait 3 days for your check to get to the payment center. Option Two – Online, of course that is only if you have a computer, can get past the fear of identity theft, and have the 2-3 business days it takes to post to your account. Option Three – Customer Service Centers, which are quickly becoming a thing of the past as more companies are cutting costs through outsourcing and cutting hours. Then you look on your bill and discover an option that you have never considered before – an “Authorized Payment Center”, establishments where customers can go to pay their utility bills that are not directly linked to the utility companies.

When it comes to issues that affect District of Columbia utility ratepayers, the Office of the People's Counsel is at the forefront of advocating on behalf consumers. As the voice of DC consumers, OPC has received a number of complaints about the rapid rate in which the District's three major utility companies – Washington Gas, PEPCO, and Verizon, have decreased the number of Customer Service Centers in Washington, DC. Currently, both Washington Gas and PEPCO have two Customer Service Centers (one Downtown and the other on Martin Luther King, Jr. Avenue, SE). Verizon has closed all of its centers in Washington, DC. So for the consumer who is looking to make a payment in person and doesn't have the option of getting to a Customer Service Center because of transportation or time constraints, OPC is going to give consumers – The Truth about “Authorized Payment Centers”.

What are Authorized Payment Centers?

- Authorized Payment Centers are usually small convenient stores or check-cashing shops, which utility companies have designated for consumers to pay their bills.

What information do I need to bring with me when paying a bill at a payment center?

- Customers must bring their bills or account number with them when making a payment at an Authorized Payment Center. While the agents at these locations have the ability to verify account numbers, they do not have access to customer accounts and therefore cannot look up account numbers for you.
- It is also important for customers to **KEEP YOUR RECEIPT** when utilizing this service. You will need this information to verify with the utility company that your payment has posted to your account.

Are there fees or other limitations associated with taking advantage of this service?

- Yes, check cashing shops require a \$1.25 to \$3.00 service fee in order to process your payments.
- Authorized Payment Centers only accept cash, checks, or money orders for payment.
- Agents at these locations can only verify your account number; they do not have access to your actual account. As a result, you cannot establish special payment arrangements, negotiate bills, or take advantage of other personal services that Customer Service Centers offer.
- In some locations there is a check limit, for example, Western Union (which PEPCO authorizes) has a \$400 limit per check. If your bill is higher than \$400, customers will have to use more than one check to make payments.

Should customers be aware of any other pitfalls?

- Utility bill payments aren't the only services offered by payment centers, and those other services are raising concerns among consumer advocates. According to *The Wall Street Journal*, "... (the) greatest concern is that check-cashing facilities may be using utilities to build foot traffic, so they can steer consumers into expensive and addictive loan products that can carry annual interest rates in excess of 400%." ¹
- ACE Cash Express, which is one of the vendors who accept utility payments in the District, offers payday loans to customers in addition to the following: check cashing, direct deposit/payroll, home loans, money transfers, money orders, and prepaid debit cards and phones.

The interest rates on payday loans are phenomenal; is there anything being done to protect consumers?

- The DC Council is currently looking to pass the "Payday Loan Consumer Protection Amendment Act of 2007," which aims to assist consumers in curtailing the amount of debt they can accumulate through Check Cashing Shops.

Where are utility Customer Service Centers located in Washington, DC?

- Verizon does not have a payment center in the District, but offers a list of Authorized Payment locations. Consumers can call 202-954-6855 or go online at www22.verizon.com/about/community/dc/customer/payment_loc.html, for additional payment locations.
- PEPCO
701 Ninth Street, NW
Washington, DC 20001
Hours: 8:30 a.m. – 5:15 p.m.
2806 Martin Luther King, Jr. Avenue, SE
Washington, DC 20032
Hours: 9:00 a.m. – 5 p.m.
**After-hours deposit boxes are available for bill payments at the Ninth Street location. Payment locations can be found online at <http://www.pepco.com/home/billing/options/>. **

¹ Rebecca Smith, "Alternative Way to Pay Utility Bills Draw Fire: Use of Check-Cashing Shops Critics Say, Exposes Customers To the Lure of High-Interest Loans", *The Wall Street Journal*, August 30, 2007, Personal Journal, D1.

- Washington Gas

Main Office

101 Constitution Avenue, NW

Washington, DC 20080

Hours: 8:30 a.m. to 4:30 p.m.

Anacostia Office

3101 Martin Luther King Jr. Avenue SE

Washington DC 20032

Hours: 8 a.m. to 4 p.m.

Payment locations can be found online at <https://eservice.washgas.com/>.