



OIG Fraud Bulletin

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DISASTER REPAIR SCAMS AND CONTRACTOR FRAUD

The U.S. Department of Housing and Urban Development (HUD) Office of Inspector General (OIG) is responsible for overseeing HUD's funding to help communities with unmet needs following a federally declared disaster. Be on the lookout for fraudsters who may try to take advantage of quick timeframes and difficult circumstances that individuals and communities face following a disaster.

Home repair fraudsters commonly target vulnerable consumers such as senior citizens, disabled individuals, and first-time homebuyers; however, those impacted by disasters are also vulnerable to being exploited by these fraudsters.

The scam is to convince customers into paying as much as possible for repair work, so fraudsters will often manipulate consumers by focusing on a home improvement budget. In some instances, no repair work is ever done. Other instances involve inferior work, incomplete work, or the use of cheap materials. Home Repair fraudsters will often ask for a deposit upfront or initial assistance to pay for repair materials prior to any work being started.

RESIDENTIAL CONTRACTOR FRAUD:

Residential contractor fraud, also known as home improvement fraud, home repair fraud, or home improvement scams, can take many different forms.

A home improvement scammer typically uses one or more of the following tactics to swindle homeowners:

- Showing up uninvited to do a home inspection
- Offering a too-good-to-be-true deal on home repairs or renovations
- Stating they have leftover materials from a previous job
- Asking for or demanding a down payment before beginning work
- Making excessive promises about the quality of their work
- Not having any identification or references
- Starting work and then disappearing without finishing the job
- Not using quality materials or doing shoddy workmanship
- Asking for unnecessary personal financial information, such as Social Security numbers, bank account numbers, etc.



BEWARE OF CONS AND SCAMS

The aftermath of a disaster often includes major damage or loss of your home, business breakdown, financial insecurity, decisions whether to repair, rebuild, or relocate, plus a host of other pressing challenges. While navigating the many obstacles that become present following a disaster, disaster victims must be vigilant of scammers looking to further victimize them at such a vulnerable time. Often in the immediate aftermath of disasters, those areas affected are inundated with scammers offering help to vulnerable victims whose lives have been turned upside down.

HOW TO PROTECT YOURSELF:

To reduce the likelihood of being victimized by fraudsters after a disaster:

- Only work with reputable contractors. Do an internet search on the person, organization, or company contacting you to determine legitimacy before signing any agreements or providing any money. Search for a history of online reviews that goes back at least 1 year.
- Ask the contractor for their contracting license number. Registered contractors are typically required to carry certain liability insurance and are required to provide periodic information to the state, meaning that if something goes wrong you may be able to locate the contractor more easily. Search for your state's contracting authority and verify that the license is current, the contractor is in good standing, and read any formal complaints noted by the state before deciding to hire the contractor.
- STOP AND ASK: "Is this too good to be true?" Get feedback from your friends, family members, or trusted colleagues. Fraudsters are counting on you to rush to take advantage of these fake grant or benefit opportunities. Don't be fooled into moving too fast for what seems like a good deal.
- Ask for a written proposal of work, on the contractor's letterhead. If you decide to move forward with the contractor, insist on a signed contract before work is started.
- Be suspicious if the work is advertised as: "one-time offer," "available today only," or a "special deal" on materials leftover from another job. These are pressure tactics to lure you into the deal.
- Contact your insurance company as soon as possible.

If you believe you may have been a victim of a disaster repair scam report it to HUD OIG by contacting the HUD OIG Hotline at 1-800-347-3735 or <https://www.hudoig.gov/hotline> .

