



NCAC NEWS

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* For further details regarding each topic introduced below, refer to the following URL which contains the actual text of the reports released (PDF files) (Japanese only):<http://www.kokusen.go.jp/news/news.html>

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http://www.kokusen.go.jp/pdf/n-20130523_1.pdf

* Major abbreviated names: ADR: Alternative Dispute Resolution

NCAC: National Consumer Affairs Center of Japan

PIO-NET: Practical Living Information Online Network System

I. Injury/fatal accident

1. Safety of Apparel-spray Products Containing Fluorocarbon and Silicone Polymers - Regarding Products that Do Not Claim to Be Water-repellent -

Product Testing Background

In August 2012, an accident requiring hospitalization for lung injury occurred when approximately half of a can of a UV-protective coating spray for apparel was used indoors on a child's bath towel. The product, which is also used as a water-repellent spray, contained a "silicone polymer," which is a water-repelling substance that can poison the respiratory system. Unlike normal water-repellent sprays, however, this product did not carry a conspicuous warning label; it is possible that the consumer overlooked the label and did not exercise adequate caution when using the

product.

As the example of this accident shows, even apparel-spray products that do not claim to be water-repellent can contain fluorocarbon and silicone polymers and present a similar hazard as water-repellent sprays. Accordingly, we researched seven brands of such products.

Test Results

(1) Particle Size

Four of the seven brands had a high quantity of particles smaller than 10 μ m. Such particles are capable of reaching and settling deep in the lungs when inhaled. These brands are among those with a high risk of poisoning.

(2) Adhesion Rate

Five of the seven brands had low adhesion rates when sprayed. These brands are among those with a high risk of poisoning.

(3) Labeling

- There were apparel-spray products other than water-repellent sprays that contained fluorocarbon and silicone polymers and claimed to prevent perspiration stains and static electricity.
- Some brands say to use a large amount of the product, while others say nothing about how much to use.
- Fluorocarbon and silicone polymers labeling varies widely between brands.
- Some products have no warning labels regarding inhalation, while on others the labels are not conspicuous.
- With infants and children in mind, all brands had warning labels regarding product storage, but only one of the seven brands had a warning label about product use.

Advice for Consumers

- ① Apparel-spray products that claim to prevent perspiration stains and static electricity can contain fluorocarbon and silicone polymers just like water-repellent sprays. Such substances can poison the respiratory system. Caution is necessary when using such products. Before use, be sure to check the product's substances.
- ② When using apparel-spray products with fluorocarbon and silicone polymers, be careful not to inhale them.
- ③ Be especially careful not to let children use them, and do not use them near children.

2. Safety of Around-the-Neck Sanitization Products - A Focus on Skin Irritation -

Product Testing Background

Because of a chemical burn accident involving an around-the-neck sanitization product containing sodium hypochlorite, called "Virus Protector," the Consumer Affairs Agency directed people on February 18, 2013 to stop using the product, while businesses undertook a voluntary recall.

Since then, PIO-NET has received numerous inquiries and complaints from people saying they were harmed in some way by this product. Likewise, inquiries and complaints have been received about similar around-the-neck products that claim to sanitize using chlorine dioxide and other substances (e.g. "After I placed a sanitization product around my one-and-a-half-year-old daughter's neck, I noticed a rectangular, card-like area on her chest that had become red. At the hospital, they diagnosed it as a chemical burn"; "There was an alert about an around-the-neck sanitizer on the news. I have a similar product and want to know how safe it is.")

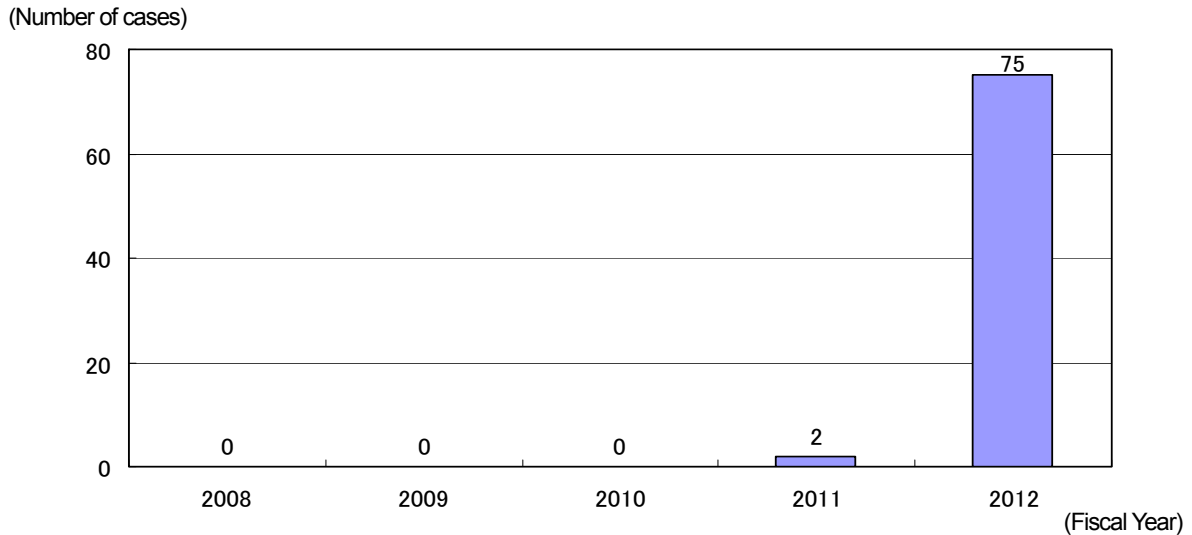
Accordingly, we decided to study a total of eight around-the-neck product brands with a focus on skin irritation, including six brands that claim to sanitize through the use of chlorine dioxide and two brands, for reference, that contain sodium hypochlorite, according to their labels.

* In November 2010, NCAC called on businesses and governments to conduct a thorough review of the safety and effectiveness of stationary-type products claiming to sanitize through the use of chlorine dioxide, as well as to improve their labeling (see note).

Note: NCAC Product Test Results "Products that claim to sterilize through chlorine dioxide: Stationary models used in rooms" http://www.kokusen.go.jp/news/data/n-20101111_1.html

See NCAC News, Vol. 22, No. 5, p. 12 (http://www.kokusen.go.jp/e-hello/data/ncac_news22_5.pdf)

<Graph 1> Number of harm-related inquiries



Brands Subjected to Testing (Exterior)



Example Cases of Inquiries & Complaints

Case 1: I went to bed with a sanitization product around my neck and the area of my stomach where the product was touching became sore like a bruise. At the hospital, they diagnosed it as a skin injury caused by substances in the sanitization product. (Inquiry from a man in his 30s)

Case 2: When my six-year-old son wore his sanitization strap, the part of the sanitization product that touched his thigh left a mark like a low-temperature burn. (Inquiry from a woman in her 30s)

Test Results

(1) Skin irritation (primary skin-irritation test)

Three of six products that claim to sanitize through the use of chlorine dioxide scored "medium irritation." The brand subject to voluntary recall scored "high irritation."

(2) Changes in diffusion rate over time

Brands that more strongly irritated the skin showed higher rates of diffusion of chlorine substances.

(3) Changes in water pH due to diffused substances

In some products, diffused substances became acidic when dissolved in water. Higher rates of diffusion showed higher levels of acidity.

(4) Fabric color fading due to diffused substances

Fading of fabric colors was observed in brands with high diffusion rates.

(5) Labeling

a) Safety-related labeling

Except for "Virus Protector" substitutes, there were no brands with what could be considered warnings related to chemical burns or other such skin damage. Moreover, some brands claimed to be "safe for human bodies," potentially causing consumers to overestimate product safety.

b) Effectiveness-related labeling

Information observed in the labeling of one product's claims of effectiveness may be in conflict with the Pharmaceutical Affairs Act.

Advice for Consumers

The potential for chemical burns, etc. was observed in some brands of around-the-neck sanitization products, depending on how they were used. Please exercise caution when using them.

II. Property damage

1. Mobile Data Communications Inquiries on the Rise

- "It's a Good Deal. Though I'm Not Sure What I'm Getting" Is the Start of Trouble! -

Overview of Inquiries

Local consumer centers across Japan have received inquiries and complaints regarding mobile data communications contracts and data communications devices (below, "mobile data communications").

Mobile data communications, which use indoor/outdoor portable wireless LAN routers to connect to the internet wirelessly, can be used without installing lines, unlike optical fiber or ADSL. Moreover, data speeds have increased and, in terms of service charges, there is no longer any significant difference in price compared to optical fiber and ADSL. At the same time, it is also true that it is not always the case that consumers can reliably use such data communications when and where they want due to the distribution of base stations and the existence of obstructions.

Today there are sellers recommending switching from optical fiber and ADSL to mobile data communications, while various products and services, such as smartphones and tablets, are available for purchase. In some cases, however, consumers who purchase a contract later discover that they cannot connect where they want but are unable to cancel the contract without paying a termination fee because the contract has a fixed duration. Inquiries also include people who signed a contract because they were attracted to discounted products and services as part

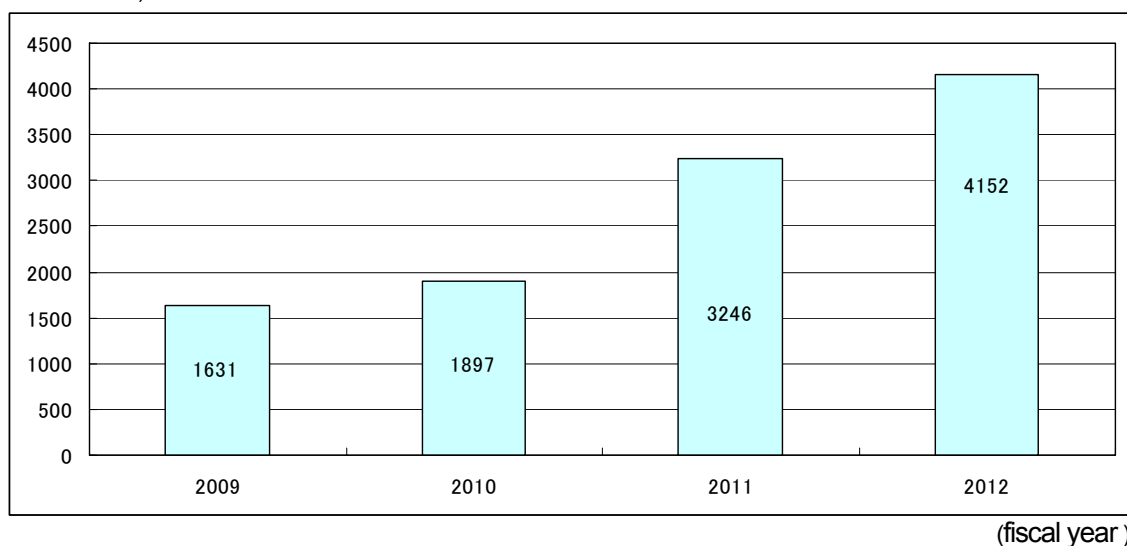
of a set package, even though they did not fully understand the contract or system of mobile data communications. "On reflection, I don't really need it and so would like to cancel my contract," they say.

Moreover, mobile data communications contracts are not subject to the Act on Specified Commercial Transactions or cooling-off provisions, even when consumers are caught off-guard.

Given that the number of consumers entering into contracts for mobile data communications is forecast to continue growing in the future, it is vital that consumers understand the contents of such contracts before signing.

<Graph 2> Number of inquiries and complaints of mobile data communications

(Number of cases)



Example Cases of Inquiries & Complaints

< Sales tactic designed to catch consumers off-guard >

Case 1: [Telemarketing Sales] I thought they were an affiliate of the optical fiber company I was already using and so I entered a contract when they told me it would be cheaper

I received a phone call at home asking if I would be interested in switching to a wireless LAN and was told that the usage charges would be 2,000 yen less than my current charges. I signed up thinking that the company was related to the optical fiber line I was already using, and gave them my credit card number, mobile phone number, and other information to complete the mobile data communications contract. When I spoke about it with my family, they were opposed because of the many problems it would cause: the company that contacted me was not in fact related to our current company, and we would have to terminate our contract with our current provider. As I thought about it rationally, I also realized that we didn't need it, so I called them back the same day to tell them I wanted to cancel. I was told they would call me back, but I never got a call. When I called the day after the next, I was told by the sales representative that I would incur a termination charge for terminating because I was already enrolled, even though the person at the call center had told me that the contract had not yet gone into effect. I felt distrustful of the company's response. What can I do to properly terminate the contract? (Inquiry from a woman in her 50s)

< Inadequate Explanation >

Case 2: [False Explanation When Offered Package Deal] Sales pitch makes it seem a requirement for smartphones

When I entered a contract for a smartphone at a mobile phone shop, I was asked if my home had a wireless LAN. When I answered that I didn't know, the seller recommended a contract for mobile data communications. He told me that without it I couldn't use the phone outdoors or connect to the internet. He also said that with it there would be many more apps that I could use. And so I entered a contract for the wireless LAN and data communications. Then I

learned that I did have a wireless LAN at home and that I could connect to the internet with just my phone. When I contacted the shop to terminate the contract, I was told it would require a 9000 yen termination fee. Moreover, because I had purchased the router, I would have to pay 400 yen monthly for 25 months. I contacted the mobile phone company headquarters but was told that I should speak with the shop. Do I really have to pay?

(Inquiry from a woman in her 20s)

< Bundle Deal >

Case 3: [Bundle Deal Pricing Not Fully Explained] It was not a good deal, even though it seemed like one when I signed the contract

A clerk in the personal computer department of a discount home electronics store caught my attention and offered me a bundle discount of 65,000 yen on a notebook computer if I signed a contract for a wireless LAN router. The computer that I wanted was about 160,000 yen, so I signed the contract because a 65,000-yen discount made it seem like a good deal. Afterwards, however, when checked the paperwork, I realized that I would have to pay about 36,000 yen for the router. Between the data charges and router price, the cost was higher than the discount. Had I known that, I wouldn't have signed the contract. Everything was setup for immediate data communications, but the router has not been used. It was only four days ago that I signed the contract. Is there no cooling-off period?

(Inquiry from a woman in her 40s)

< Problem with Communications Area >

Case 4: [False Explanation of Communications Area] Even though I confirmed that a connection was possible in my area, I wasn't able to connect

I wanted to use mobile data communications at work so, before signing any contract, I confirmed on the company's homepage whether my workplace was an area where I could connect, and I even called the company and confirmed it over the phone using my address. I was told that the signal might be weak but I would be able to connect, and so I signed up. When I tried using it, however, I wasn't able to connect. I immediately used the "Area Improvement Request" form on the company's webpage to send a request describing the situation. After that I never received a response and the situation never improved. I tried contacting the company by phone but couldn't reach them, and so some time passed. This month, after I called the company again, we spent a week checking the signal strength and determined that I cannot connect.

When I asked to terminate the contract, I was told there would be a termination fee of 26,000 yen. I told them that I signed the contract because I had been told I would be able to connect, and so a termination fee was unreasonable, but the company says the phone cannot be confirmed. I am currently waiting for a response from the company but want them to terminate the contract without the fee.

(Inquiry from a woman in her 40s)

< Problem with Communications Speed >

Case 5: [Communications Speed Did Not Meet Expectations] Actual speeds were far different from what was advertised

Last year I signed a contract for mobile data communications but the data speeds have been very slow, at best 200Kbps. Attempts to update the OS also fail halfway through. On the homepage, it mentions download speeds of 7Mbps. This is a misleading advertisement, isn't it? When I contacted the communications company, they told me it was a "best effort" description [see note]. I have verified that the wireless LAN router signal strength is good, so I believe they just haven't acquired enough lines. When I asked the company to terminate my contract if they could not improve the situation, they told me that I would have to pay a termination fee of 30,000 yen for early termination of my two-year contract. That's just too expensive, no? It's unreasonable. There are many postings on the internet from people with the same performance issues as me.

Note: "Best effort" refers to services that declare a maximum speed but do not guarantee they will always achieve it.

(Inquiry from a man in his 30s)

Advice for Consumers

- ① Do not respond to a business without careful thought. If you do not need something, just refuse.
- ② Even within the communications service area, there are locations where it may be hard to get a connection. Keep service peculiarities and risks in mind before signing a contract.
- ③ Research not just price but also your own intended usage and use environment, and thoroughly verify what the service provides.
- ④ In case of trouble, consult your local consumer center.

2. Beware High-Pressure Sales Fraud Promoting New Energy Businesses **- Shale Gas? Methane Hydrate? Get-Rich-Quick Schemes Exploit New Hot Topics -**

Overview of Inquiries

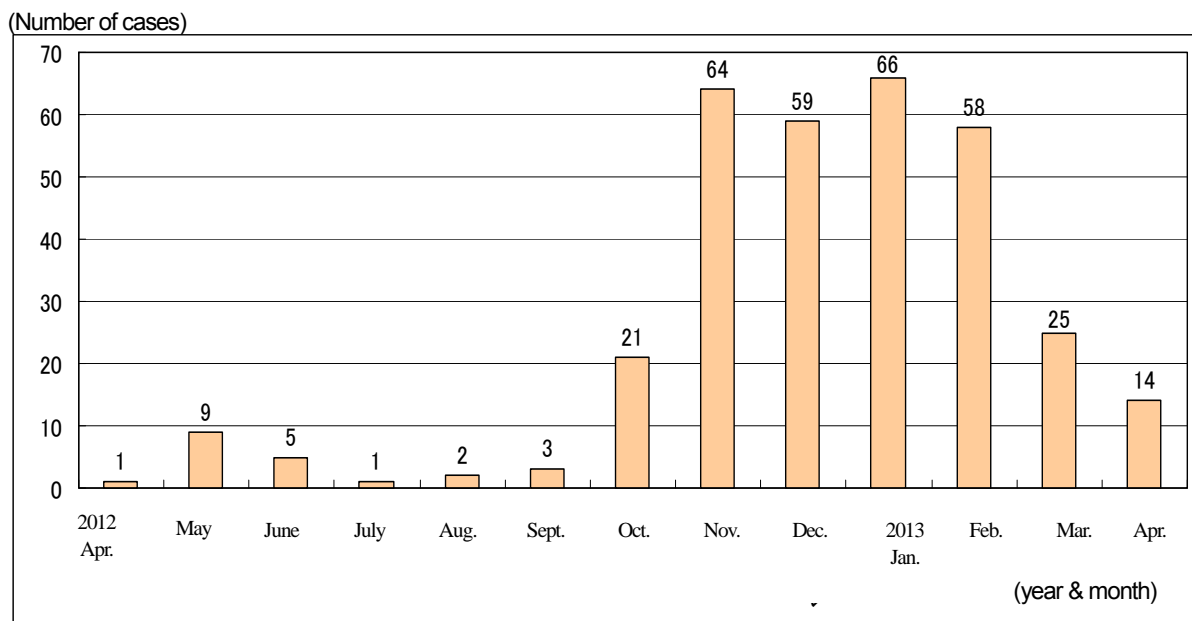
Unlisted stocks, dubious corporate bonds, and now investments in society's hot-topic businesses -- the sales pitches targeting consumers keep getting more and more sophisticated. In the wake of the Great East Japan Earthquake, we witnessed high-pressure sales fraud around the solar energy business.

More recently, inquiries and complaints have been received about high-pressure sales fraud related to new energy sources such as shale gas (note 1) and methane hydrate (note 2).

Note 1: Shale gas is natural gas contained in shale formations. Technological advances have made it possible to commercialize such gas. In the U.S. the commercial production of shale gas is under way.

Note 2: Methane hydrate is a substance produced when methane and water are crystallized under low-temperature, high-pressure conditions. Because it ignites when lit, methane hydrate is also called "fire ice." It is anticipated to become a future source of natural gas, with technology currently being developed for commercialization.

<Graph 3> Number of inquiries & complaints related to shale gas and methane hydrate



Example Cases of Inquiries & Complaints

Case: Business Promises High Dividends from Shale Gas Facility Management Rights

My mother received an envelope from Company A. It was a prospectus for a company extracting shale gas that described facility management rights priced at 1,200,000 yen per lot, redeemable after one year with a dividend of 6-8%.

Later she got a phone call from Company B explaining that they wanted to buy the rights, but since only people who had received the direct mailing could, they wanted her to let them use her name. She agreed when they told her her name would get changed to a corporate name afterward and the rights would be sold to Company C for double the price, after which they would pay her some thank you money. Later she got a call from Company B saying that they would cover half the cost if she would buy ten more lots by sending Company A 5,000,000 yen via parcel delivery. Again after that, she received an invoice for "name change fees" and sent payment to Company A. When my mother told me the story, I told her it was a scam but she still believes them about the thank you money. I want them to return the money.

(Contract signatory: a woman in her 60s)

Advice for Consumers

- ① If you receive a phone call from someone with a sales pitch about "buying back rights at a high price," you should simply say "I'm not interested" or "No thank you" and then hang up.
- ② Before you buy into what they tell you and pay them money, consult with the people around you and your local consumer center.

3. Sudden Rise in Inquiries and Complaints about Adult Sites Accessed from Smartphones - Charges Even Incurred from Free App Downloaded from a "Public Market" -

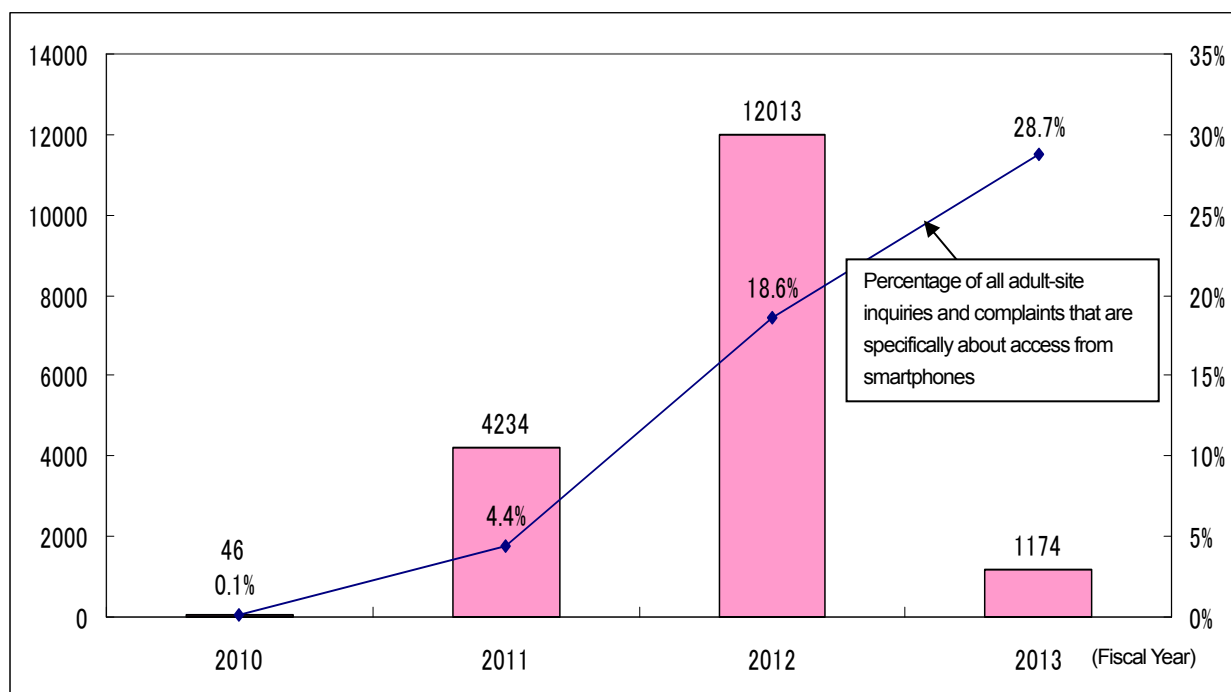
Overview of Inquiries

Analysis of inquiries and complaints received by local consumer centers across Japan, broken down by product and service, shows that adult site-related inquiries and complaints held the number one position again in 2012, and that there has been a sudden rise in inquiries and complaints about such sites accessed from smartphones, reflecting increased smartphone use.

Inquiries often have the following content: "There was no indication when I clicked that I would be charged, but suddenly a window asking for payment popped up. Does that mean I have to pay?" and "Has my personal information been shared with the business?" Moreover, people have contacted us about being charged without warning through free apps downloaded not from some general site but from "public markets," a problem that has also been reported on by the Information-technology Promotion Agency (IPA).

<Graph 4> Number of inquiries & complaints regarding adult sites accessed from smartphones

(Number of cases)



Example Cases of Inquiries & Complaints

Case 1: After downloading a free app from a "public market," I was charged without warning

I had just bought a smartphone for the first time and was browsing apps on a "public market" when I downloaded an app without really confirming the nature of the app. Once the app had been installed, I opened it and discovered it was an adult site. A confirmation dialog then asked if I was over 18 years old. As I was wondering what I should do, I brushed the screen and got the message, "Registration complete." I got scared and called the phone number of the business that was displayed on the screen. When I explained that a billing screen was showing on the screen, they told me that I was registered and had to pay. I was scared, so I transferred 99,800 yen to them through an ATM. After that I did not see any message indicating that my membership had been canceled so I called them and was told that they would process the cancellation as soon as they received my payment from the bank. They said I did not need to do anything. Since then I haven't touched my phone, but I'm afraid. What should I do?

(Contract signatory: a woman in her 40s)

Case 2: After downloading an app, I got a call from a business telling me to pay

After downloading a free video app from an adult site on my smartphone and clicking on the age-verification screen, payee information for the charges appeared on the screen. Several times after that, messages appeared on the screen showing expensive charges but I ignored them, figuring the app was free. Today I got a phone call from a person, who wouldn't give me either his name or the name of his company, telling me I had to pay today or I would be charged 600,000 yen. What should I do?

(Contract signatory: a man in his 20s)

Advice for Consumers

- ① Do not visit an adult website without careful thought even if it claims to be free as you may still be charged. Also, do not download apps onto your smartphone without careful consideration.
- ② Ignore charges that you do not recognize and do not hurriedly contact the business if you become nervous. Instead, contact your local consumer center.
- ③ If a billing screen will not go away or if you inadvertently install an app, see the IPA homepage for information on

what to do. < <http://www.ipa.go.jp/security/anshin/> >

- ④ The act of forcing a billing screen to remain on the screen may be a crime, so please provide information to the police as well.

4. Sudden Increase in Deliveries of Unplaced Health Food Orders to Senior Citizens! Unless You Remember Placing the Order, Do Not Accept It and Do Not Pay!

Overview of Inquiries

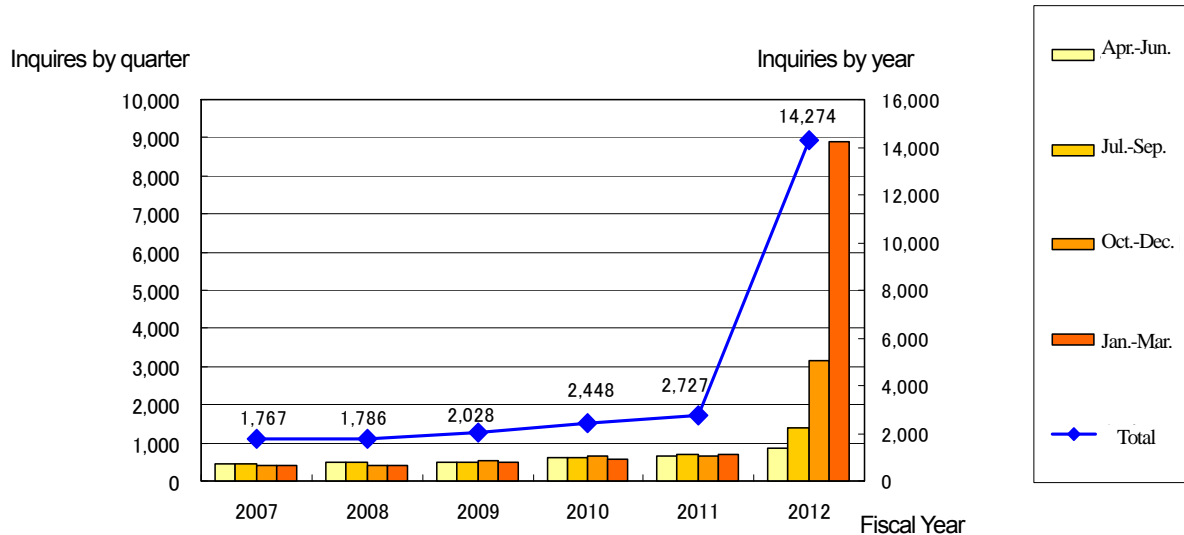
There has been a sudden increase in inquiries from consumers who receive an unexpected phone call saying their "health food order will be delivered shortly," even though they have no recollection of ever having placed such an order. When these consumers attempt to decline the order, they are pressured into accepting delivery anyway. There were more than 14,000 such inquiries in 2012, or 5.2 times as many as in 2011 (as of May 20, 2013).

Senior citizens are the primary target, and there have been many cases in which they ultimately agree to the purchase when the business insists that they placed the order and pressures them to "pay up." The products are often sent cash-on-delivery (COD). In 2012, the number of confirmed cases in which COD was used in such incidents was 12.2 times greater than in 2011. Recently, perhaps because delivery companies have been canceled their COD contracts, these businesses are now using other methods as well: registered cash (genkin kakitome) envelopes or bank transfer forms are included with the products, with instructions for consumers to send payment through the mail or via bank transfer.

Note: NCAC has issued alerts about similar incidents in the past.

See NCAC News, Vol. 24, No. 5, p. 7 (http://www.kokusen.go.jp/e-hello/data/ncac_news24_5.pdf)

<Graph 5> Number of inquiries & complaints by year and quarter



Example Cases of Inquiries & Complaints

Case 1: Refused sales pitch is met with abusive language ("Go to hell, shit head")

I live with my older sister. When a delivery of health foods arrived for her, I asked her if she had ordered them but she wasn't sure. Illness has diminished my sister's mental ability and so, even though she had the money ready, I refused the COD from the delivery company. Later, we got a phone call from the business that sent the health foods. "Your sister orders these items. These health foods are made-to-order. We have a recording of your sister placing the order," he told me. When I asked to hear the recording, he refused. He then threatened to take us to court if we didn't pay, and would make us pay the legal fees as well. Reluctantly, I agreed to have the product redelivered and paid

about 30,000 yen. Then recently we started getting other calls, insisting I put my sister on the phone, from a business that wouldn't identify itself. The calls kept coming and I kept refusing, until eventually he called me a "shit head" and told me to "go to hell." I don't know if the business making this sales pitch is the same as the one we previously accepted the order from. My sister has not yet been diagnosed by a physician, but I suspect she suffers from senility. What can I do about the situation in the future? (Contract signatory: a woman in her 60s)

Case 2: Registered cash (genkin kakitome) envelope arrives along with health food delivery

I got phone telling me to expect a health food delivery. I refused the order, telling them I didn't remember ever placing it and that I didn't need any health food because I was healthy. Still, the products arrived by parcel delivery the next day. In the box were a health food product by "Yamabushitake," a flyer describing the product, a registered cash envelope for submitting payment, and a detailed invoice. The invoice was for 60 packets at a total price of about 40,000 yen, but since the shipment included only 20 packets, the amount of the invoice had been reduced to about 10,000 yen. The product was delivered against my wishes, so I attempted to return it to the sender, but it came back marked undeliverable. The invoice fine-print indicates an eight-day cooling-off period and says customers must contact the business at their support center. "We may be unable to process returns without a prior phone call," it reads. Although it does list a toll-free number to call, it lists neither a return address nor a company name. The flyer, invoice, and registered cash envelope all have different addresses and company names. It is strange there is no proper documentation. What should I do? (Contract signatory: a woman in her 80s)

Advice for Consumers

- ① If you do not remember placing the order and do not intend to make the purchase, just refuse it.
- ② If the product is still delivered:
 - 1) If a product is still delivered against your wishes despite having declined the order, refuse to take delivery of the product.
 - 2) In the event you agree to a sales pitch over the phone, a cooling-off period still applies.
- ③ If you are around senior citizens, please look out for them and be sure they do not run into trouble.
- ④ When in doubt, contact your local consumer center immediately.
- ⑤ If a sales pitch tells you things that are not true or if you ever feel threatened during a sales pitch, contact the police as well.