



Persatuan Pengguna Pulau Pinang Consumers Association of Penang

檳城消費人協會 பினாங்கு பயனீட்டாளர் சங்கம்

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Press Statement

7 August 2020

Consumers beware: Covid-19 pandemic breeds more scammers

The Consumers' Association of Penang cautions the people to be wary of possible scammers, particularly in times like this. There have been recent reports of swindlers in the guise of representing legitimate government agencies such as the Employee Provident Fund (EPF) or even financial institutions and cooperatives to scam people of their money.

In a more recent case, money lending companies sought EPF contributors to offer 'easy' loans before the eligible age when they are able to withdraw their EPF, and also for those who want to withdraw from Account 2. These money lenders do not reveal the interest rate on the loan until after the agreement and they misused EPF logo and disguised the loan as Islamic compliant.

Scammers know that many people are either desperately in need of cash or eager to invest their money for better returns than what is offered by the financial institutions. Therefore, scammers take the opportunity to prey on people's vulnerability and financial insecurity.

We urge consumers to only take loans from licensed money lenders as the last resort, not for house renovation, the purchase of furniture, or things that can be done without. Even then consumers should take the effort to conduct background checking of the company's registration number on the Ministry of Urban Wellbeing, Housing and Local Government (KPKT) website at <https://emaps.kpkt.gov.my/emaps/emaps/index.cfm>. If consumers are careless, they might end up very much poorer than they expected because of the exorbitant interest rates and risk harassment by the loan sharks when loan repayment lapses.

Consumers should be alert when a 'money lender' asks for an interest rate of more than 12 per cent because under Section 17 (1) of the Moneylenders Act 1951, they are not supposed to charge more than 12 per cent per year for secured loan and 18 per cent per year for unsecured ones.

It is illegal for a person below the age of 18 under Section 8 of the Act to take a loan and the money lending agreement has to be witnessed by a lawyer, a Commissioner of Oaths, District Officer, Justice of the Peace, or any authorised person for the purpose under Section 27 (1) of the same Act.

We would advise consumers not to be intimidated by phone calls from people claiming to be from the police, court, Bank Negara Malaysia, or the Internal Revenue Board. Authorities from these bodies will not call to ask for personal information or threaten to come to the house to arrest a person or confiscate properties. If they are the authority, they would often request the person to go to the office by letter. If a person is to receive such calls, the person just need inform the caller that he would deal directly with the officer concerned at the office, not by phone.

People who had been scammed are advised to report to the police and also to alert the relevant authorities such as KPKT as in the above case of illegal money lenders. Every report counts because it will be part of the statistics to alert law enforcers of how serious and widespread a problem is. The police must work with Malaysian Communications and Multimedia Commission (MCMC) and crack down on these scammers proactively and not wait for complaints before taking action.

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President

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