



How to avoid the pain of getting stung

Whether you are buying a car or booking a holiday, don't make it easy for the con artists, writes Mark Channing

WHAT she thought was her dream car turned into a nightmare for Karolina Matczak when she was conned out of €6,300 because the vehicle had been stolen.

Matczak, 20, a student from Cork, replied to an online classified ad for a 2011 Renault Megane listed in Dublin with an asking price of €6,700.

Having scoured the internet for used cars and knowing how quickly they tended to sell, she and her fiancé decided to immediately travel to Dublin to view the Megane.

Its supposed owner arranged for Matczak to wait in a retail park before contacting her with directions to a nearby housing estate where he said the car was being kept.

He said he couldn't meet her himself because he was at work, saying his brother would show her the car instead.

At first everything seemed fine. The logbook matched the address she had been given, the national car test (NCT) certificate was up to date and there were two sets of keys.

"Apart from a small scratch on the back, the car was perfect" she said. "All the papers seemed to be in order so I decided to buy it."

Matczak negotiated €400 off the asking price for the scratch, handing over €6,300 in cash and drove the car home to Cork the same day.

However, about 10 days later Matczak began to get suspicious. There was no sign of a new vehicle registration certificate being issued to her, even though she had sent the updated logbook to the tax office.

She also noticed that the registration plate didn't match the one recorded on the car's service history.

When Matczak contacted the gardai, her worst fears were realised. They said the car had been reported stolen in Dublin in late January.

The scammers had changed the number plates to match those of an identical make and model — effectively cloning the car — while the logbook and NCT certificate were fakes. The Megane has been seized by gardai with little chance of Matczak getting her money back.

"It's been the worst experience of my life. All my savings are gone," she said. "I've had trouble eating and sleeping ever since it happened."



Matczak, who spoke to The Sunday Times last week, first told her story on The Opinion Line on Cork 96FM in February.

Unfortunately, what happened to her is also happening to others, with criminal gangs using classified websites to advertise stolen cars and scam unsuspecting consumers into buying them.

Last week the garda's stolen motor vehicle investigation unit said it had identified more than 200 stolen vehicles sold online in the past two years by a gang using fake documentation.

To fight the fraudsters, Crimestoppers, An Garda Síochána and Ireland's two main online classified websites, Carzone and DoneDeal, launched a campaign to advise motorists how to protect themselves.

We reveal the most common scams and give you expert advice on how spot them.

CAR SCAMS

Buying a used car privately is cheaper than going through a

dealer. Private sales are not covered by consumer law, however, so it's up to you to avoid being conned.

Experts say you can greatly reduce your chances of being conned by taking a few simple steps.

Finbarr Garland, a retired detective inspector and customer safety officer with donedeal.ie, said: "While cases of fraud are rare, they do happen. If you do your research and follow the best advice, you should be able to come out with a good experience."

Garland advised private buyers to insist on meeting sellers at their homes and not to arrive unaccompanied.

He said you should verify the sellers are who they say they are. "Don't be afraid to ask for proof of address or photo identification. Take their photo if possible," he said.

When looking at the vehicle documentation, check that the person selling the car is the registered owner and make sure that the car's 17-digit chassis number matches the

registration document. All cars are stamped with a chassis number, most of the time on the blockhead beneath the bonnet.

"You need to make sure the chassis number on the certificate matches the one that's actually stamped onto the car itself," said Garland, adding that a quick Google search of the make and model will tell you exactly where on the car to look.

Garland said you can check details of changes of ownership in the past three months at motortax.ie, while nct.ie allows you to cross-check the NCT certificate.

Before agreeing to buy, however, Garland said you should use a car history check site such as mywheels.ie or cartell.ie, which will give you more information.

These sites charge a fee but tell you the specification of the car including the engine number, the chassis number, how many previous owners the car has had and if there is any outstanding finance owed. "I

Paul Newman and Robert Redford played con artists in the crime caper *The Sting*, above, but Matczak, inset, was distraught after becoming a victim of a stolen car scam



IT HAS BEEN THE WORST EXPERIENCE OF MY LIFE. ALL MY SAVINGS ARE GONE

know car history checks cost money but it could save you an awful lot of pain down the line," Garland added.

A two-star car check from cartell.ie costs €20 and gives a car's full Irish history of previous owners.

HOLIDAY SCAMS

It's not just the used car market where consumers need to be on their guard.

The European Consumer Centre (ECC) Ireland, a pan-European consumer watchdog, is warning consumers to be vigilant about holiday-related scams.

It has been contacted by consumers, some of whom have lost thousands of euros to scammers.

Martina Nee of the ECC Ireland said: "Scams have always posed problems for consumers and they come in many different forms, either online or in person."

According to the ECC Ireland, the Canary Islands is a particularly hot spot for scammers. It has received

reports of Irish tourists being targeted by aggressive sellers and misled into paying inflated prices.

The majority of victims lost between €200 and €300 but there have been two separate cases where €5,000 and €7,000 was drained from consumers' bank accounts and credit cards.

"Traders have been known to use aggressive or misleading selling techniques to pressure consumers into buying electronic items, particularly cameras or tablets," said Nee.

Describing the scammers as "very manipulative", Nee said elderly tourists were at particular risk and were being targeted at their hotels.

She said you should never be pressured into buying something, warning that scammers will do their best to try to confuse you.

"Always take your time and question everything. Go away and think about it before deciding to buy. Any reputable trader would be fine with this," she said. The ECC Ireland

also warned consumers to be on the lookout for accommodation scams.

It said scammers have conned consumers out of thousands of euros by posing as fake hosts on accommodation websites such as Airbnb.

In one such case, a consumer lost €3,400 to a fraudster who was based in Italy after booking a seven-day trip in Ireland.

Another Irish consumer lost more than €1,000 when he booked an apartment in Amsterdam from a fake host.

Nee said users of Airbnb should never leave the platform to pay hosts. The platform has a secure payment system and extra protections. For example, Airbnb pays hosts only after guests have checked in and no problems have been reported.

PHISHING

Last month thousands of customers of Eir received a fake email purporting to come from the communications company telling them they were entitled to claim a refund.

The email contained a link directing customers to a website which looked like Eir's customer page. The page asked them to enter their credit or debit card details to receive the refund.

Phishing scams such as this are one of the most common tricks used by fraudsters. They can come from any company, but usually purport to be from one of the big software companies, banks or even Revenue.

According to the Competition and Consumer Protection Commission, phishing scams account for the greatest number of calls to its consumer helpline.

In its warning to customers, Eir said emails were likely to be phishing attempts if they threatened that customers' accounts would be closed if not verified within 48 hours.

"Never disclose any information particularly personal or financial information. Delete the email message immediately and never click on web links or download content associated with the message," said Eir.

FREE TRIALS

More than a third of European consumers have ordered a free trial online, according to the ECC, with many getting scammed in the process.

Scammers convince consumers to give them their credit card details by saying it's needed only to cover the cost of postage but not the product itself, which they say is free.

However, what ends up happening is that you get signed up to an expensive monthly subscription that is very difficult to get out of.

"Our experience is that a wide range of consumers are affected by this issue," said Nee. "The free trial could be for anything but are typically cosmetics, diet pills or health supplements."

Nee said the subscription itself could be as much as €100 a month, adding that the scammers are often outside the EU, putting them beyond the reach of European enforcement authorities.

Buffett — the man who likes to compound and confound

Warren Buffett, arguably the most successful investor in history, released his annual letter to shareholders at the end of February. It's one of the most widely read dispatches in the business world. Though other letters are a more entertaining read, this one is rich in investment lessons, and is as likely to provide as good an education in investing as any academic syllabus.

Lesson #1 appears on the front page. It shows the year by year performance of Berkshire Hathaway shares relative to the company's book value and the performance of the S&P500 with dividends included. It's a remarkable 51-year track record.

A quick tabulation will show that there were 17 years when Buffett's return was below that of the market, including 11 down years.

Thus, for 34% of the time there



GARY CONNOLLY



were annual disappointments, including last year. But remember, over this period in aggregate the gain was 1,598,284% or 20.8% per annum, more than double that of the market.

Two critical observations on the numbers: first, if one of the world's best long-term investors can deliver disappointment one-third of the time, we should not hold ourselves or those who

invest on our behalf to a higher standard. This is apt given recent market movements.

Second, it's not the frequency with which you are right that counts — it's by how much. Consider this: Buffett has managed to more than double the return delivered by the S&P500 from 1965–2015. The US stock market's 9.7% annual growth over this 51-year period has delivered a tidy return on

investment to investors, equating to 112 times the original capital, turning \$1,000 (€900) into \$112,000. Not bad, until you see what Buffett's return has generated. Berkshire's 20.8% annual return is not double the 112 times return of the S&P.

Through the magic of compounding, it gives you more than 112 squared (ie, 112 x 112).

And this is lesson #2 from this year's letter. Reportedly described as the most powerful force in the universe, compounding has helped propel Buffett into the top table of the richest people on earth and by a stretch, the most deserving of the accolade "world's most successful investor".

Buffett has turned \$1,000 into more than \$15m. It is difficult to conceptualise these numbers, and 51 years is beyond the time frame of most readers, but it does highlight the power of compounding. As Buffett's business partner Charlie Munger says, try not to get in its way. It

should be noted that the corporate structure of Berkshire and its investment in large insurance companies affords Buffett a large float from unpaid future claims that leverages the company's own equity. Leverage adjusted, Buffett's track record is still stellar.

Lesson #3 is that investing is not easy, nor should it be. Buffett's "motherhood and apple pie" style of communication belies a complex investment approach, something that is often forgotten by his followers. If you fancy yourself as a stock picker, the odds are firmly stacked against you.

An interesting report from JP Morgan sheds some light on these difficulties, and it makes for sober reading, even for investment professionals.

Since 1980, two-thirds of all US stocks have underperformed the index. Good luck with those odds: a one in three chance of picking a stock that

outperforms the index. The median stock returned 54% less than the index.

If you were investing over the past generation, you might be forgiven for believing that it was difficult not to do well. The US stock market has risen 20-fold since 1980, yet the JP Morgan report shows that 40% of US stocks have suffered large, permanent declines (defined as a drop of 70% or more that was not recovered).

The reason the overall market did well is because of a handful of winners — 7% of stocks are extreme winners, driving the index. The odds of picking such stocks in advance are tiny.

Buffett is refreshingly honest in that he does not take credit for serendipitous gains and doesn't hide from his mistakes. Part of the letter is devoted to a discussion of his shortcomings, and the serious mistakes he has made in capital allocation, which he admits he will undoubtedly continue to make,

but hopes they will be in Berkshire's smaller operations.

There are lots of things Buffett didn't discuss, notably the slump in commodity prices, the volatility in markets and Berkshire's most recent share price returns.

Lesson #4 is therefore not to get caught up in the minutiae of every market detail. There is a danger of being too flippant here, as emotionally market returns and volatility have an impact on investor sentiment and actions. Buffett has an extraordinary brain and has perhaps a personality better suited to investing than most. But we must trust the process and the plan, or risk becoming the "patsy" for those around the investment table.

Gary Connolly is managing director of iCubed, an investment consulting company providing investment support to financial advisers and chairman of the valueinstitute.org. gary@icubed.ie