

Unpacking timeshare and vacation club sales

Better Business Bureau® study finds high pressure sales, deceptive exit schemes and impostor scams throw shade on popular industry

Introduction

When it comes to vacationing, many people plan their year around a big trip that often costs thousands of dollars. Consumers wanting to save money on big expenses like lodging may find scammers and predatory companies ready to deal.

Timeshares and vacation clubs often promise pristine locations, luxurious lodging and investment opportunities. Instead, some consumers encounter hard-to-book vacations, undisclosed maintenance fees and a litany of other issues after paying tens of thousands of dollars for their timeshare.

*"During the high-pressure sales presentation, we were told amazing things about what this timeshare ownership would be. We were told we could easily travel anywhere. We were given this picture of traveling the world in the easiest, cheapest way possible. This timeshare ownership has been nothing close to this image," **Kevin from Lebanon, Maine** told Better Business Bureau (BBB).*

To prevent these types of issues, BBB recommends timeshare salespeople ensure consumers understand booking limitations, and all other contract details, before attempting to close a sale.

Consumers like Kevin often report after signing a contract, they found the offers were not as advertised. "There are many hidden fees that were not disclosed to us the day we signed our contract. Upon doing research, any place we would like to visit is always booked months or years out," he said. "We still have not used our timeshare ownership at all."

With the advent of home sharing companies like Airbnb and Vrbo, some long-term timeshare owners have looked to sell theirs, only to find them virtually worthless.

***Corazon in Oxon Hill, Maryland** told BBB that years of previously undisclosed maintenance fees and better vacation options led her family to want to sell their timeshare.*

"We thought we would be able to give it to our children someday or sell it for extra money for our retirement and the (timeshare) sales team made us feel like all of this was possible," she said. "We would have never purchased this had we known how much it would really cost."

Consumer complaints to BBB about timeshare and vacation club companies increased post-pandemic as consumers began to venture back out into the world and make vacation purchases. As the dust settled, many buyers realized that their timeshares were lifetime expenses unless they could be



sold to someone else. This situation could be avoided. BBB recommends timeshare sellers provide historic data as well as projected increases for all fees associated with a timeshare.

Owners like Corazon sometimes turn to timeshare exit companies whom they think can help, but later find empty promises.

*When **Justin in Spring, Texas** located a timeshare exit company that looked legitimate, he paid nearly $3,000 upfront. His contract stated that he had a 10-day grace period to back out of the agreement. After thinking about it, he started to get nervous about the company. When he attempted to get his money back, he was given the runaround.*

"The person on the phone confirmed that I was eligible for a refund, but that refunds were handled by another department. She said I should look for an email from the refund department soon," Justin said. "It has now been over two months, and I still have yet to receive my refund."

BBB recommends money-back guarantees for sales, resales and exits be honored promptly or not offered at all.

Some timeshare-related businesses treat consumers ethically, resulting in positive experiences for buyers and owners. This BBB study focuses on negative patterns of behaviors from companies in the timeshare and exit industries that concern consumers, industry associations and regulatory agencies. By calling out and denouncing substandard marketplace behaviors of businesses and scammers, **this study intends to make consumers smarter and businesses better.**

While BBB has received reports about vacation rentals and flight purchases made through third-party sites that cause consumers to lose out on millions, timeshares remain one of the most complained about vacation businesses.

About this study

This study is intended to give consumers, businesses, news media, researchers and regulatory agencies an in-depth understanding of:

- Ethical standards, regulations and enforcement
- How bad business practices can affect industries
- How related scams work

BBB's overall goal is to educate and build confidence in addressing issues if they arise.

Contents

Introduction 2
Timeshares 3-7
Timeshare exit companies 8-9
Vacation scams 10-13
Regulatory actions 13
Prosecutions 13
Recommendations for regulatory changes 14
Tips for consumers 15
How to report 15

Timeshares

Realistic expectations for timeshares and vacation clubs

Timeshares originated in Europe in the 1960s as a simple way to book vacation properties, and the practice made its way across the Atlantic to the United States a decade later. Timeshares remain popular. In 2021, more than 150 resorts responding to a survey by the American Resort Development Association (ARDA) reported to have more than 200,000 units designated as timeshares. That amounted to over 334,000 new sales totaling $8.1 billion. As consumers continue to vacation more post-pandemic, timeshares continue to be an option.

Discerning between various timeshare or vacation club structures, useability and total cost can be tricky. Here are definitions and guidelines to help understand what is in a timeshare contract, what it takes to sell a timeshare and the misrepresentations or outright scams that are prevalent in the industry.

How does timeshare ownership work?

A timeshare is pitched to consumers as a way to have an ownership stake in a property or pay for continued access to the same vacation home. Because it is shared with other buyers, many are told that they can save money and avoid much of the traditional hassles of ownership.

There are two main types of timeshares:

• **Deeded.** A deeded timeshare means that the buyer takes a percentage ownership stake in the property. The percentage is usually based on the amount of time they have access to it.

• **Non-deeded**. This type of timeshare typically means that the buyer obtains a "right to use" rather than owning a stake in the property.

BBB® Tip:

Research a resort and its timeshares before attending any sales presentations.

The laws vary between states in the U.S. and Canadian provinces, but many consumers typically have access to a "cooling down" or right of recision (cancellation) period for several days after signing a contract. That gives them time to reconsider their purchase and back out of it within the allotted period.

Once that has passed, most contracts lock in buyers for life, an understated and often misunderstood aspect of timeshare ownership. Weak laws around disclosure and transparency lead consumers to misunderstand their contracts.

The timeshare industry in Europe suffered a big blow after Spain enforced consumer protections in a set of cases. One such case led to a ruling that the "perpetuity" aspect of timeshare contracts is illegal. That helped accelerate a decline in timeshare ownership across the European Union. A quarter of all timeshares worldwide are owned by Europeans, showing the industry's staying power amid stronger consumer protections.



How much does a timeshare cost?

The costs associated with timeshares vary by property, size and location. ARDA found that the average timeshare purchase price in 2021 was $24,140. It is easiest for consumers to think about that fee as the one-time cost associated with buying a timeshare, much like buying a home. Some pay it upfront, but others may finance the cost. Traditional banks usually won't finance these types of loans, but sellers may offer them. Buyer beware, they often come with high interest rates.

The biggest difference from buying a property is that the purchase price of a timeshare is not like traditional real estate. Consumers should be wary of thinking of that price as the value of their unit, because owners are often left to take on steep losses when reselling their shares.

It is important to note that the Internal Revenue Service (IRS) typically considers timeshares to be personal assets and not property, meaning that losses cannot be deducted come tax season. Simply put, timeshares are not investments.

And while ownership in a timeshare means that the hassle of fixing and maintaining the unit is left to the resort, the timeshare owner must pay maintenance fees each year. The fees are not set in stone, so they likely will increase over the years as the cost-of-living increases around the world. According to ARDA, annual maintenance fees averaged $1,120 in 2021. Much like the misconception about reselling, the average buyer's understanding of maintenance fees can be cloudy. Anyone considering a timeshare should scour the contract to find fee details.

How often can you use a timeshare?

Timeshare companies grant owners the right to use the property for a certain amount of time each year. Buyers should understand how resorts divvy up these properties before committing to a contract.

Timeshares

Types of usage:

• **Fixed-week.** Buyers have access to a specific property during the same week or two, every year.

• **Floating.** The property can be used at any time, if it is available.

• **Fractional.** These are like fixed-week contracts, but they typically allow for a longer amount of time such as a month, three months or a year.

• **Points.** Consumers purchase "points" used to book a timeshare. That may give them flexibility and access to different properties at different times of the year, depending on the contract.

What is a vacation or travel club?

A vacation club is similar to a timeshare. Buyers still pay upfront fees and maintenance costs, but they receive access to a variety of destinations and times to use their membership. In many cases, vacation clubs are actually just a group of timeshares bundled together where the consumer is paying for access.



An important note, however, is that buyers do not own anything, they are only purchasing a right to use the property.

Some travel clubs also plan trips for members to travel at the same time, providing companionship and the opportunity for group rate discounts.

BBB® Tip:

Understand the different types of timeshares and their booking policies before signing any contract.

Potential vacation and travel club buyers should follow the same advice that applies to timeshares: research the companies and thoroughly read contracts for as many details as possible, because these memberships can be hard to sell.

While legal advice may be expensive, those who can afford it would likely benefit from having a lawyer read over any contract before signing.

Numerous consumers tell BBB they received letters from travel clubs demanding payment for past dues for memberships they believed were cancelled years ago. Castaways Vacation Club, Funseekers, Sealand Travel Club, and Tradewinds Vacations all share the same address — a P.O. Box in Litchfield, Ilinois — and have an "F" rating, the lowest on BBB's scale. Consumers say they received an "Overdue Notice" with a large red "Final Notice" stamp, presumably to coerce people into paying fees they may not owe.

In most states, debt collectors can attempt to collect debts after statutes of limitations — legal time limits to start a claim or lawsuit — expire, but threatening to file a lawsuit against a consumer after the statute of limitations has expired may violate the Fair Debt Collection Practices Act. Consider consulting an attorney before responding to demands to pay an alleged debt that is several years old.

Complaints to BBB

	Timeshare-related	Median amount disputed	Vacation-related	Total complaints
2020	6,602	$1,800	3,537	10,139
2021	7,622	$2,963	3,829	11,451
2022	5,894	$1,800	2,476	8,370

Source: Complaints to BBB from consumers, 2020 - 2022

Negative reviews to BBB

	Timeshare-related	Other vacation	Total
2020	1,687	1,013	2,700
2021	2,410	1,137	3,547
2022	2,623	1,064	3,687

Source: Reviews to BBB from consumers, 2020-2022

Timeshares

Misrepresentation in timeshare sales is common

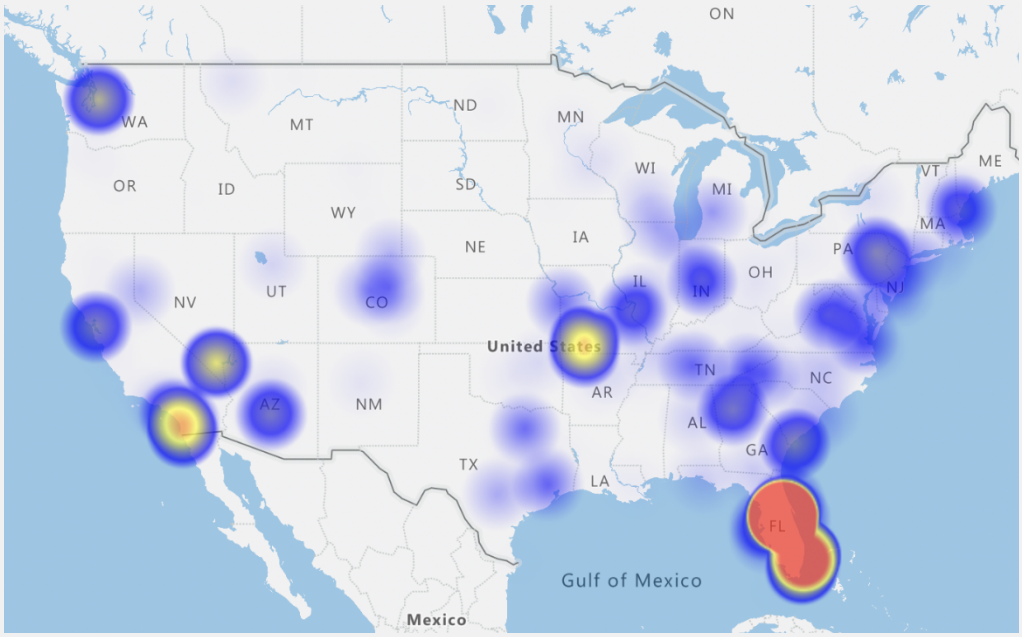
In reports to BBB, hundreds of consumers said that timeshare and vacation club pitches they attended were originally presented as low-effort ways to receive benefits or perks just for learning about the vacation options.

Some were offered free dinner and a show. Others were told they would get tickets for excursions. The biggest offers might even promise cash or a free weekend stay at a timeshare location.

*"We were told to fill out a form to win a free trip to Disney," **Veronica from Elizabeth, New Jersey** told BBB. "This was the sales strategy to get us in for a 'free dinner' while the sales representatives presenting this 'amazing' travel program."*

It is common for a 30-minute meeting to turn into an hours-long affair. In some cases, presentations last up to 8 hours. Many presentations start with attendees completing a questionnaire, used to build a relationship with the attendees and gauge their ability to purchase. The first presenter may provide flashy information and imagery about the resort to keep at the forefront of the audience's minds. They may tell the audience that their purchase will save them money and be a great investment.

Timeshare industry complaints by business location



Source: Consumer complaints to BBB about timeshare sales, vacation club and timeshare exit companies, 2020-2022

BBB® Tip:

Don't be pressured into signing a contract. Insist on time to read the contract, terms and conditions.

The sunny coastal states of Florida and California top the charts with the most consumer complaints and timeshare, vacation club and exit locations.

Missouri stands out with the third most complaints, but only the seventh most resorts, mostly located in Branson. A 2018 BBB report on the Missouri timeshare industry found a host of businesses with deceptive practices.

Top 10 states with highest number of timeshare properties

Rank	State	# of resorts
1	Florida	367
2	California	133
3	South Carolina	111
4	Hawaii	98
5	Colorado	73
6	Nevada	59
7	Missouri	55
8	North Carolina	51
9	Arizona	49
10	Maine	42

Source: ARDA International Foundation, 2022 State of the Vacation Timeshare Industry

Top 10 business location states for timeshare industry complaints to BBB

Rank	State	# of complaints
1	Florida	16,067
2	California	1,670
3	Missouri	1,087
4	Nevada	698
5	Washington	483
6	Virginia	356
7	Pennsylvania	354
8	Georgia	312
9	Texas	308
10	Arizona	303

Source: Consumer complaints to BBB about timeshare sales, vacation club and timeshare exit companies, 2020-2022



As the presentation continues, a lot of psychological factors come into play. Potential buyers become attached to the destination being pitched and begin to feel like it would be a waste of time already invested to not sign up.

When that point is reached, sellers often use high-pressure tactics to close a sale. Consumers report being told that deals were "for that day only," even though it is rarely true.

A seller may also claim that cancellation is easy, which is far from the truth for most contracts. Tired and hungry attendees who have sat for several hours may cave in at this point and agree to purchase, believing it is the best way to end the meeting.

According to BBB complaints, consumers report that some sellers did not tell the buyer about the cancellation options and recision windows during the presentation, and the buyer did not know about these terms until they read the contract several days after the purchase.

Veronica did get a free dinner; there was no Disney trip. Instead, she was persuaded to buy a timeshare. When it came time to book her stay, she said it was so difficult that she only made the trip once in two years.



Timeshares are sold in a very aggressive and borderline unethical way," said Christopher Elliott, Chief Advocacy Officer for Elliott Advocacy, a non-profit that has helped consumers resolve timeshare issues for decades. "The way that timeshares are sold should be illegal."

Buyers should beware anytime they are considering a timeshare, he said. "You have to work deliriously hard to find someone who is happy with their timeshare."

Though ARDA has laid out a code of ethics, BBB's 2018 study found that many timeshare companies do not follow it.

Some consumers do report being happy with their timeshare, however, and ARDA representatives said complaints come from only a small percentage of owners. In an ARDA survey of timeshare owners, 90% reported being happy with their timeshare and 84% said they would purchase a timeshare product again.

ARDA President and CEO Jason Gamel said in an interview with BBB that the timeshare industry has worked over the past decade to shed many of the high-pressure practices traditionally associated with the industry.

According to Gamel, there is a push and pull dynamic between ethical business rules and a consumer's responsibility to understand what they are purchasing, and potential buyers should do as much research as possible about a resort before attending meetings.

If a consumer sends a complaint to ARDA, a committee reviews the individual report, as well as patterns of complaints with a resort.

When BBB asked about sanctions for businesses failing to follow ARDA's code of ethics, Gamel said the committee's deliberations and results are confidential.

In an ideal world, there are several improvements ARDA wants to see:

- Sales meetings should be kept as short as possible while still serving customers' needs.
- A continued shift toward different sales meeting types, such as online sales.
- Paperwork with clear information about maintenance fees (including historic data to show how they have changed).
- Clear, upfront rescision policies, booking blackouts and limitations stated in documents. Gamel called 10 business days for cancellation the "sweet spot," though he said some states have existing laws that make shorter or longer periods more feasible.
- Alternatives for consumers who want to relinquish timeshare ownership. "ARDA clearly believes that it is important for timeshare developers to provide options to their owners when their timeshare is no longer serving their vacation needs," Gamel said.

If a prospective buyer is unable to pay the initial costs upfront, some companies offer short-term loans to seal the sale.

According to several reports to BBB, buyers were saddled with double-digit interest and a poor credit rating.

***Roy in Lafayette, Indiana** said he was so overwhelmed by payments due on his timeshare that he couldn't make payments on his home or business, with the latter eventually closing and destroying his finances.*

And as time goes on, owners may find that, depending on their timeshare, it is hard to book a time to go to the property. There may be blackout dates or others booked it for the time they needed, meaning that they can't travel there as often as they originally imagined.

Recommendations for timeshare industry

- Create a system for immediate feedback on timeshare presentations to ensure that no unethical or deceptive practices occur during a pitch meeting.
- Eliminate multi-hour timeshare pitch meetings.
- Give a 10-year cost estimate of a timeshare and its maintenance fees based off of historic fee increases.
- Disallow salespeople from telling customers that deals are for a "limited time only."
- Reprimand businesses and individual salespeople who promise things verbally that are not in the contracts they present.
- Stop pressuring consumers to sign contracts immediately. Instead, give them the chance to leave with a contract and think it over.
- Provide a phone number, email address and other pertinent contact information at contract signing for consumers to reach out to if they wish to sell or give back their timeshare.
- Increase transparency about businesses that repeatedly violate ARDA's code of ethics. Expel members if necessary.
- Be more transparent about any lifetime financial commitments with considerations of disclosures required under the Truth in Lending Act.



In the news and other conversations

In HBO's Last Week Tonight with John Oliver on March 19, 2023, Oliver lambasted the timeshare and exit industries for deceptive practices. The satirical report contains strong language.

Timeshare exit companies have recently faced scrutiny in Arizona after ABC 15 looked into one woman's case.

Consumers' Checkbook published an article on reports to BBB about consumers' experiences with timeshare exit companies.

CBS laid out tips for consumers looking to purchase a timeshare soon, after warning consumers last year about scam resales.

AARP put out a guide on how exit schemes work and how to avoid them.

***Sarah from Claremore**, Oklahoma told BBB, "When we originally purchased, we were not told that we only had one week of usage every other year. We were told at the 'update' meeting the only way to fix this was to buy more. We were told that this would fix the problem of never being able to make a reservation. After purchasing more, we found out that this was not true either."*

Maintenance fees total in the thousands each year. In some cases, buyers had no idea that they needed to continue to pay each year.

*"We found out after joining them, six months later," said **Randall from Morgan City, Louisiana**, who was surprised to see a $750 bill for maintenance fees. "They were very manipulative during this process."*

Those fees typically rise each year, a fact not often disclosed in pitches.

Vacation and travel club presentations contain many of the same issues.

For some, there are also hidden fees not discovered until the consumer arrives at the resort. Others said their accommodations were different from the ones they booked.

*"I booked a room and (was) promised a two-queen bedroom with a queen pull out sofa. On arrival we were told they had no pullout at all and denied ever telling me that," **Lenna in Toccoa, Georgia** told BBB.*

BBB® Tip:

Ask for maintenance fee figures for the past five years to see if costs have risen.

Timeshare exit companies



Can timeshare exit companies be trusted?

Dozens of consumers told BBB in interviews that they felt their experiences with timeshare exit companies were as deceptive as their experience with their timeshare salespeople.

Often, when a buyer decides to sell, they turn to a timeshare exit company. There are many reasons why a consumer may want to sell their timeshare. Some consumers find that as they age, they can no longer travel as they once did.

According to BBB Scam Tracker reports (2020-2022), more than **40%** of travel fraud complaints come from people older than 55, and prosecutions of timeshare exit companies indicate that predatory businesses and scammers alike are likely to target older buyers.

Many buyers told BBB they were originally pitched on the benefit of passing their timeshare to their heirs. With time, however, they wanted to sell instead to prevent their children from being saddled with rising fees and costs.

According to reports to BBB and based on some exit companies' advertisements, timeshare exit companies may take advantage of that fear, telling owners the only way to get out of their contract is to retain an exit company's services.

Timeshare sellers can exacerbate the problem. Some heirs say they've been approached by their parent's timeshare companies and told they are required to take on payments. In most cases, the descendent can choose to refuse that part of their inheritance to avoid taking on monetary responsibility.

Some consumers told BBB they were glad for the services timeshare exit companies provided after they spent months or even years trying to get out of their timeshare commitment. In an interview with BBB, ARDA representatives urged owners looking to sell to check whether their resort is a member of the Coalition for Responsible Exit, an industry group meant to help owners in good standing get rid of their timeshare commitment.

BBB® Tip:

Be wary of any timeshare exit company making big promises about resale prices.

Many owners have turned to Timeshare Users Group, a self-described "source of consumer-oriented information and advice." Despite being owners themselves, the organization said people should be realistic about reselling their timeshare.

"We hate to be the bearer of bad news but selling a timeshare is very, very difficult and in some cases almost impossible," the website claims. "Some timeshares have depreciated over 99% and it is more and more common for individuals to actually list their timeshares for a single dollar in hopes that someone will take them!"

While many users on the TUG forum benefit from those single dollar sales to score cheap vacations, some owners have found relief from maintenance fees by selling their timeshare on the cheap.

What can you do if you inherit a timeshare?

• In most cases, a company cannot force an heir to inherit a timeshare. If an heir has inherited a timeshare and doesn't want it, they can "disclaim" the property.

• Experts recommend that heirs provide a written statement to the probate court handling their estate saying they wish to disclaim.

• Heirs should direct the will's executor to inform the resort that the parent has passed so the resort can take back the timeshare.

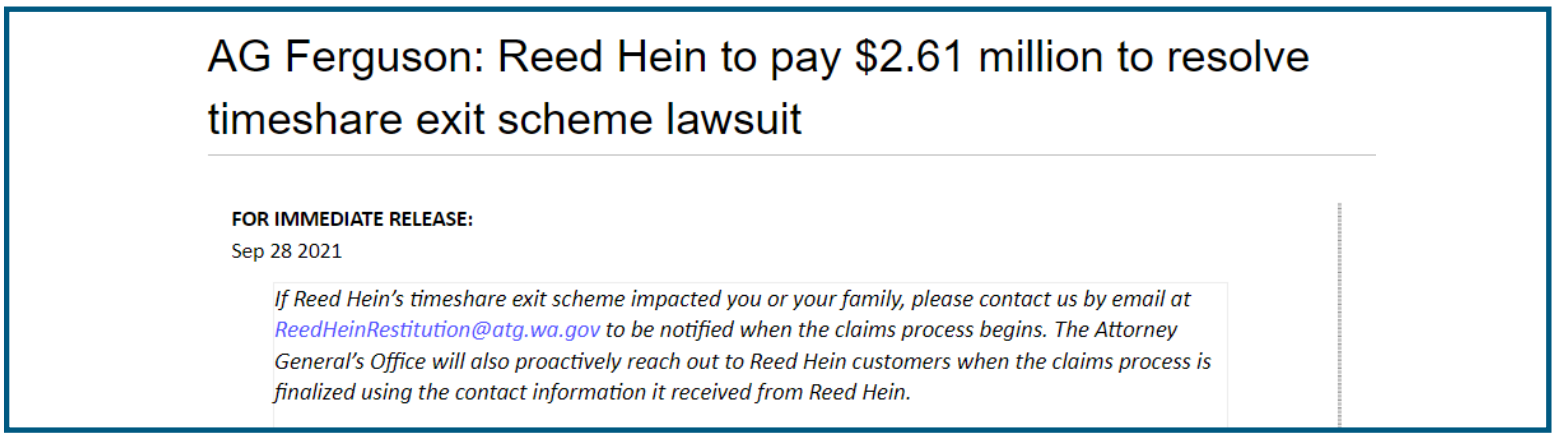
• If you want to inherit the timeshare, it will be much like any other property passed down in a will. Children will need to allow time for the probate court to process the transfer.

• If the timeshare is "deeded," it is possible that a case will need to be opened in the probate court where the property is located.

• No matter what choice an heir makes, it is recommended they consult an attorney to ease the process.



Timeshare exit companies



AG Ferguson: Reed Hein to pay $2.61 million to resolve timeshare exit scheme lawsuit

FOR IMMEDIATE RELEASE:
Sep 28 2021

If Reed Hein's timeshare exit scheme impacted you or your family, please contact us by email at ReedHeinRestitution@atg.wa.gov to be notified when the claims process begins. The Attorney General's Office will also proactively reach out to Reed Hein customers when the claims process is finalized using the contact information it received from Reed Hein.

A press release regarding restitution for people who lost money in a timeshare exit scheme. Source: Washington State Attorney General's office

Much like the effort to get buyers to sign a timeshare contract, many predatory exit companies use attractive and deceptive language. Many timeshare owners claim the exit companies promise large savings and quick sales of their property if they use the company's services.

It's no secret that owners are routinely locked into tough-to-sell commitments. Yet timeshare exit representatives typically require an upfront fee, which only adds to the cost the owner will incur as maintenance fees continue to build up. A 2019 BBB study showed how exit companies thrive in Missouri.

BBB® Tip:

Watch out for too-good-to-be true money back guarantees from exit companies.

***Raymond from Chandler, Arizona** told BBB that he paid Reed Hein & Associates LLC (which also previously operated Timeshare Exit Team) more than $4,000 to help exit from his timeshare:*

"They told us 9 months max they would have us out of our contract with our timeshare," he said. "We called and left several messages and emailed them repeatedly since we were not getting any updates. Eventually we would get an email response. They never call us and never answer when we call them."

Reed Hein & Associates/Timeshare Exit Team were eventually taken to court by the Washington State Attorney General for their money-back guarantee and lost. The Kirkland, Washington based company agreed to pay $2.61 million to the state for restitution and retract its statements earlier in the case that attempted to discredit the state's case.

More than 2,800 Washington residents lost amounts of at least $3,000 as they hired Reed Hein & Associates to get out of their timeshare agreements. Even as the case closed, many residents remained in their contracts.

"Reed Hein deserves its "F" rating from the Better Business Bureau. Their dishonesty and reckless behavior had grave financial consequences for its customers," said Washington State Attorney General Bob Ferguson.

During BBB's interview with ARDA, the group compared the methods of timeshare exit companies to foreclosure rescue scams, where fraudsters make big promises about helping consumers escape from underwater mortgages, only to put them in worse financial shape than when they started.

Recommendations for timeshare exit industry

- Stop collecting upfront fees until services are rendered.
- Do not make promises or guarantees that cannot be kept.
- Quickly honor customers' money-back guarantee claims.
- Do not encourage consumers to say they were pressured or deceived into buying a timeshare, unless true.
- Be transparent with what services are offered during a timeshare exit, along with limitations.
- Self-regulate by establishing and abiding by ethical advertising and selling standards.



Vacation scams

Thank you for purchasing a vacation travel package with our company, your booking number with us is [redacted] and your bank's credit card receipt approval code is [redacted] I attached a PDF format Purchase Certificate just in case you did not receive the auto generated certificate. Please feel free to contact us via phone or by email to discuss your vacation in more detail.

Remember to activate your vacation package you must return the certificate signed and your credit card receipt on same day of purchase then you will be able to start making travel plans. If we receive your signed certificate and credit card receipt on the same day of purchase you will be placed into a raffle drawing which takes place on the 30th and 15th of each month, if you name is drawn you will receive Free Business Class Air-Fare for 2 Adults and 2 Children under the Age of 13 on your 6 Day 5 Night Destination Vacation.

A fraudulent confirmation notice used by scammers as part of a vacation package scam. Source: Consumer reports to BBB

Consumers who receive offers for free or substantially discounted cruises, stays and airfare can fall victim to a bevy of predatory businesses and scams. BBB complaints show consumers pay out thousands of dollars, often after trying to save money through third-party sites or from cold calls.

Rental and hotel scams

Scammers will advertise "too good to be true" prices on hotels or rental home bookings. Often times, these bookings don't exist, or they will be completely different from the pictures and descriptions of the booking page.

Free vacation scams

Consumers may also be tempted by phone calls or emails promising free vacations or cruises. If the vacation packages do exist, there are usually hidden fees or unknown costs associated that aren't disclosed ahead of time.

Fraudsters will make up deals wholesale, hoping to get the consumer to pay up before they disappear.

Flight scams

***Jayaprakash in Grosse Point Park, Michigan** told BBB he was attempting to contact Delta Airlines to book a flight. He used a search engine to look for their 800 number, but he unknowingly found an impersonator. The scammer convinced him to hand over $5,000 for the tickets before Jayaprakash realized it was a scam. Luckily, his credit card company helped him secure a refund.*

BBB has seen this type of scam happen online as well, where fraudsters create realistic looking websites that resemble third-party booking sites or airline websites.

Vacation experience scams

Even vacation activities are not immune to scammers, especially vacation curation services that can run hundreds or even thousands of dollars to book.

***Tyla in Newport News, Virginia** told BBB that she booked a luxury yacht experience in Seychelles, Africa with a group of friends, all who paid $3,200 each. When they arrived, they found that the boat wasn't as promised, food wasn't provided and the experience didn't match anything that was described to them ahead of time.*

She felt deceived by the organizer. "0 stars. 0/10 do not recommend. No one should work with this man ever again," Tyla said.

Your signed Purchase Certificate,Credit Card Receipt and Proof of Government Photo ID were received today and your vacation package is now activated. This means you can start planning your next vacation immediately. I suggest you visit our website [redacted] click on resorts then review each to match the resort destination which meets your travel needs. Your name has been added for the raffle with a chance to win the Free Business Class Air Fare for a family of 4, the drawing is held on the 30th and 15th of each month and I wish you luck!!!!

Once you find a resort return to our website then click on reservations, an online reservation request will pop up, fill out the form completely then click submit, you will receive an automatic confirmation your reservation was received by our Reservation Department, your Personal Reservation Specialist will contact you via email or phone to discuss and finalize your reservation request.

If you have any reservation questions please email our reservation department [redacted] within 24 hours your Personal Reservation Specialist will contact you to start your Dream Vacation Plans. Our offices are opened Monday thru Friday from 9 am EST until 7 pm EST and closed Saturday and Sunday.

Welcome to the [redacted], it is our pleasure to have earned your hard earned travel dollars; we are waiting to exceed your travel needs.

A fraudulent receipt used by scammers as part of a vacation package scam. Source: Consumer reports to BBB

Vacation scams

Scammers mimic timeshare companies' high pressure tactics

Scammers have found their way into the cracks of the timeshare industry, taking advantage of the high-pressure sales tactics and hidden fees used in the industry to convince consumers to hand over cash. Reports from consumers to BBB describe how consumers are misled by scammers who claim they owe fees for old timeshare/vacation club sales, or they pitch them phony timeshare exit plans.

Scammers try to convince the person that they owe money for missed fees from their timeshare or that they failed to come to a second presentation and now owe money for the gifts they received. The fraudsters follow the cold call with high-pressure tactics and legal threats to get money forwarded to them through tough-to-recover means like wire transfers or money sharing apps like Zelle and Venmo.

BBB Scam Tracker℠

	Victims	Median amount lost	Loss
2020	327	$1,409	$1,916,433
2021	387	$700	$1,083,941
2022	446	$613	$575,452

Source: BBB Scam Tracker reports for vacation-related scams

**Losses reported in 2022 may have been impacted by a system update.*

Consumer Sentinel Network

	Reports	Median loss	Total loss
2020	95,996	$1,089	$196.6 million
2021	72,035	$1,098	$99.2 million
2022	62,445	$1,259	$103.6 million

Source: Travel, vacation and timeshare plan reports to the Consumer Sentinel Network, administered by the Federal Trade Commission

FTC data includes deceptive offers for "free" or low-cost vacations, cut-rate student travel packages, misleading timeshare offers, etc.

Timeshare exit scams are more common and take a different tactic. Because owners of timeshares or vacation clubs are so desperate to get out of their contracts, scammers who can get their hands on timeshare ownership rosters can leverage that information to their advantage. They may call consumers with generous offers to buy their properties. The catch is that the timeshare owner must pay a "processing fee" or a "local tax" on the sale.

*"This company contacted us in November and advised they had an investor that was wanting to acquire timeshares," **Gary from Conroe, Texas** told BBB. "Their representative advised us that all we would have to pay was a transfer fee of $3,170, to be wired to an attorney."*

Gary believed that to be a fair deal for the $46,000 he would make on the sale, so he sent it. The scammers told him he needed to pay another $5,072 for taxes and that the supposed company took 8% commission, another $2,536. At each step, the fraudsters said he would lose the money he had already sent if he did not continue to send more. Unfortunately, in cases like Gary's, the money was gone the moment he sent it. In total, he lost more than $10,000.

6. BUYER'S RESPONSIBILITIES.

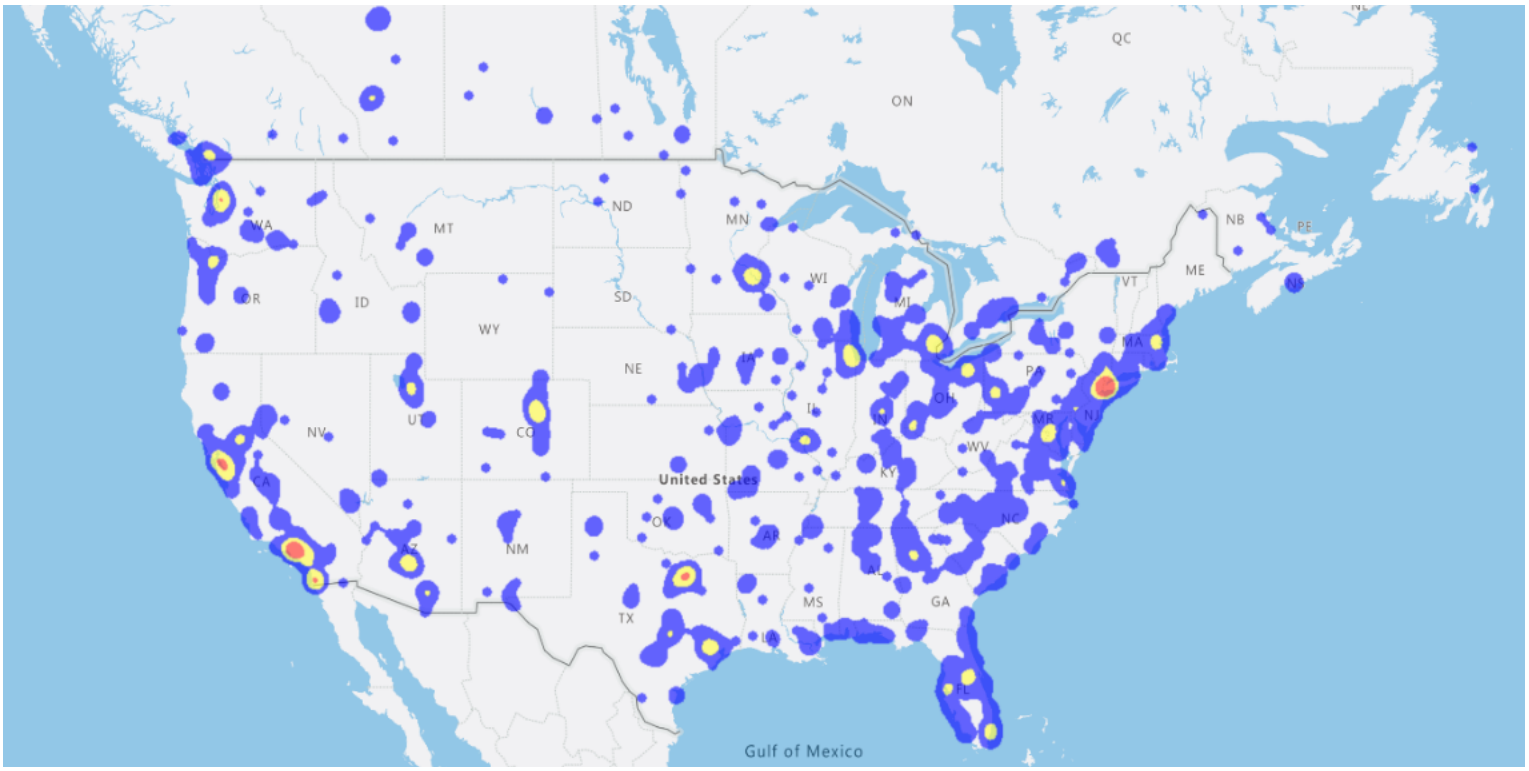
A) Buyer agrees to pay at closing the International Finance Fee equivalent to ten (10%) percent of the Purchase/Sales Price in the amount of $140,000.00 USD.

B) Pay the firm at closing a five percent commission (5%) of the total Purchase/Sale price stated herein in the amount of $70,000.00 USD for services rendered for the Purchase and Sale of the Timeshare; said payments will be made from the funds deposited by Buyer to, and presently held independently by the financial institution "Grupo Financiero BBVA". No part of such payments by Buyer will come from the portion of the Purchase Price payable to Seller.

C) Buyer agrees to cover its fiscal obligation of a 16% IVA Tax for the purchase of the Timeshare in the amount of $224,000.00 USD within 48 hours after Seller has obtained the fiscal registration set forth in Clause 7 D.

Scammers use official looking language and contracts to fool consumers into believing their fake purchase agreements are real. Source: Consumer reports to BBB

BBB Scam Tracker reports by victim's location



Source: BBB Scam Tracker reports for vacation-related scams, 2020-2022

*The scam spans borders. **Angelia in Halifax, Nova Scotia** told BBB that she received an unsolicited call from a supposed timeshare reseller. The scammers said they had buyers in Dubai that wanted to purchase it, as long as she split the tax bill from the sale.*

After sending $7,000 through a money order to the fraudsters, they told Angelia that she needed to pay another fee to make sure that the purchase went through. At that point, she knew she had been scammed, but it was too late to recover her cash.

Welcome.

Established in Boston, Massachusetts, [redacted] has earned recognition in every business transaction we experienced. We are pleased to announce that our professional services have been appointed for the sale and purchase of your Vacation Club Membership.

We would like to familiarize you with our firm and services, since the communication will be constant as the nature of our engagement will be exclusively for the sale and transfer of the Membership.

Establishing a trust account with yourself as the final beneficiary is essential, it will allow you to authenticate the funds offered by the buyer. Please review and complete the enclosed bank application.

Once the mutual agreement is determined, our preliminary closing documents will guarantee the disbursement of your funds.

Nevertheless, the relinquishment of rights documents will not be introduced until you are successfully funded, and all the necessary documents for this transaction are filed.

We are thankful for the opportunity to walk you through this business trade venture.

Once a fraudster has stolen money, they will continue to come back for more. This letter, another fake, was sent more than a year after a scammer convinced a consumer to hand over cash as part of a fraudulent timeshare sale. Source: Consumer reports to BBB

Regulatory actions



The FTC, Department of Justice (DOJ) and State Attorneys General have gotten more aggressive in recent years in their push to find deceptive practices within the timeshare industry. That has led to refund checks totaling in the millions and the shuttering of predatory companies.

These cases have been brought against timeshare companies, resellers and exit companies.

The DOJ, acting on behalf of the FTC and Wisconsin AG, took action in 2022 against an exit company that it claimed made deceptive promises and failed to honor refund agreements. That action arose, in part, due to the work of BBB St. Louis.

Arizona bolstered its laws around timeshares in 2019, though some advocates believed that the original bill as introduced would have provided some of the strongest protections in the country. HB 2639 wanted to require the disclosure of "the estimated annual (and lifetime) assessments fees as well as other costs; such as taxes, maintenance fees and utilities" to show buyers what the full cost of the purchase would be over its lifetime.

Another part of the legislation wanted to give owners the ability to cancel their contracts after 10 years if the original fee was paid in full and they were up to date on all recurring fees.

Both provisions were removed from the bill, much to the dismay of consumer advocates and legal experts.



Prosecutions

Prosecutors have taken some legal actions to help return money to consumers targeted by timeshare sales and exit companies, and related scams.

In May 2022, a New Jersey court ordered William Andrews Burns LLC, and its owner William O'Hanlon, to pay more than $10 million in penalties after finding the company ran a telemarketing scheme that sought out elderly timeshare owners.

Around the same time, authorities in Long Beach, California arrested four men after they and others were indicted for their alleged roles in a timeshare scam that bilked elderly consumers for more than $5 million.

Prosecutors in Missouri obtained a consent judgement against Vacation Consulting Services and its owner Brian Jay Scroggs. As a result, Scroggs is barred from operating timeshare exit companies in the state and has been ordered to pay $700,000 in restitution.

Americans aren't the only ones operating scams. The U.S. Attorneys General Offices in California and Louisiana won cases against fraudsters operating out of Mexico that targeted U.S citizens. And almost 20 arrests were made in Europe in an alleged scam that supposedly stole more than 25 million euro.



Recommendations for regulatory changes



Laws vary widely by state and Canadian province, though most have some protections in the form of a "cooling down period" where buyers can cancel for any reason. These typically are short – between three and 14 days. Some legal experts have called to extend these periods to give buyers more time to consider their purchase, saying the high-pressure tactics used to sell timeshares result in many people reconsidering their decision.

"A timeshare purchase agreement is unique among consumer contracts because the contract typically creates a non-cancellable lifetime obligation," wrote Grace Ordonez and Matthew du Mée in an 2020 article for the National Association of Attorneys General (NAAG). "If consumers were made aware of the timeshare's actual life-long financial obligation and, consequently, the transaction's high risk, many would not elect to buy."

In Canada, if a contract does not state the legal requirement for the cooling off period, some consumers may be eligible to cancel their contract for up to a year.

Others have argued that all timeshare purchases, whether financed or not, should comply with the Truth in Lending Act (TILA), which requires easy-to-read, transparent terms for borrowing on purchases like mortgages and auto loans. These types of standards could be adopted to purchases to give a more accurate picture of total costs.

Without these types of standards, consumer advocates say more unscrupulous sellers can conceal certain facts about the timeshares that they are selling, such as the ever-increasing fees and the non-cancellable, perpetual nature of the contracts.

States can follow the lead of places like Arizona which have tried to implement these types of protections at the state level.

As the authors of an article published in a NAAG publication concluded, "...it is clear that many consumers purchasing timeshares lack sufficient information and protection. We encourage other states (like Arizona) to propose their own timeshare legislation and to conduct thorough investigations of timeshare companies about which consumers have filed complaints." Law enforcement, however, should continue to enforce existing laws around deceptive sales practices to their fullest extent whenever applicable.

Regulators should strongly encourage industry self-regulation:

- BBB urges timeshare sellers to strengthen self-regulation by establishing and following ethical advertising and sales standards. Timeshare sales companies should cease any high-pressure or misleading sales tactics at pitch meetings and ease restrictions for lifetime, non-delinquent customers who wish to cancel their timeshare.

- Timeshare exit companies should establish and follow ethical advertising and sales standards. They should not make guarantees they cannot honor and should simplify the process for refunds when services are not provided.

- The industries should create guidelines and publish red flags about predatory businesses to help consumers make better choices if they are considering purchasing or exiting a timeshare.

If such actions are not taken, regulators should enact laws similar to TILA and enforce current laws.



Tips for consumers



- Buying a timeshare or vacation club is like any big purchase. Consumers should extensively research the company, the property and thoroughly read any documentation provided.
- Read the contract for cancellation period restrictions, lifetime commitment and obligation for heirs to pay ongoing costs.
- While not always possible, hiring a trusted attorney to go over a sales contract may help avoid headaches later.
- Beware of high-pressure tactics. If you feel someone is trying to push you into a deal, walk away. Report it to management, industry trade associations, BBB and state or federal regulatory agencies.
- Go to BBB.org to check out a business or register a complaint. Go to BBB Scam Tracker to report a scam and bbb.org/travel for more travel tips.
- Consult with an attorney if you want to refuse an inherited timeshare.
- To sell a timeshare, contact the resort directly and see if they have a resale or buyback program.
- Using the services of a timeshare exit company can be expensive and may not relieve you from your timeshare commitment. Thoroughly read the contract for refund conditions and limitations if service is not provided within the time promised.
- Unsolicited offers to sell your timeshare should raise red flags, especially if the business is offering a large return.
- Avoid resellers claiming your timeshare's location is "hot" as this is language often used to make big promises that are tough to meet.
- Claims of modifying or canceling contracts with a resort should be met with skepticism. Most contracts do not allow for such changes.
- Be realistic about what you can get for your timeshare. Most of these contracts are not investments and may garner you less than you paid.
- Exchange programs may be a way to avoid selling a timeshare that you are tired of visiting.
- Travel companies don't use robocalling. Hang up immediately if you get one offering vacation deals.
- If it sounds too good to be true, it is. There are deals to be found on travel, but scammers know consumers want to save money and take advantage of that. Read BBB tips about other vacation-related scams.
- The government of Canada offers online tips for Canadian citizens considering a timeshare purchase
- Read FTC tips for buying undeveloped property and timeshares in a foreign country as well as more on timeshares, vacation clubs and related scams.

How to report

If you suspect you are the subject of fraud or dishonest business practices, there are many avenues to report your case:

- Better Business Bureau (BBB) BBB.org/ScamTracker
- Federal Trade Commission (FTC) - ReportFraud.ftc.gov
- Canadian Anti-Fraud Centre (CAFC) - Online or by phone at 1-888-495-8501
- State Attorneys General can often help. Find your state Attorney General's website to see if you can file online.
- Canadian federal, provincial and territorial Consumer Affairs offices may be helpful as well. Find them online.
- American Resort Development Association (ARDA), timeshare trade association - email customerservice@arda.com



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Find more information about this study and other BBB scam studies at BBB.org/scamstudies.

BBB's mission is to be the leader in advancing marketplace trust. We do this by:

- Setting standards for marketplace trust
- Encouraging and supporting best practices by engaging with and educating consumers and businesses
- Celebrating marketplace role models
- Calling out and addressing substandard marketplace behavior
- Creating a community of trustworthy businesses and charities