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Sep. 7, 2003. 09:47 AM

# Beware hidden costs of phone cards

[ELLEN ROSEMAN](#)

Buying prepaid long-distance cards is a way to save money on out-of-town calls. But as we warned last week, many cards have extra charges that add to the cost.

Eamon Hoey, a Toronto telecommunications consultant, has done research on prepaid long-distance cards and the charges that may be incurred. Here are the questions he thinks buyers should ask:

★The per-minute rate may be measured in different ways. If a call lasts only 30 seconds, am I charged for 30 seconds, one minute or three minutes? (Don't laugh. Several companies use three-minute increments.)

★Do I pay more if I make long-distance calls from a public phone?

★Do I pay more if I make long-distance calls that go to a cellular phone number?

★If you reach an answering machine, do you pay by the second or do you have to pay for a full minute?

★Are there any connection fees? (These can range from \$1 up to \$3 a call.)

★What if I'm calling from a city with no local access phone number and I have to use a 1-800 number?

★Is there an expiry date for the card? If I don't use all the minutes I paid

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for before the expiry date, can I roll them over to another card?

★Do I get a written record of my calls so I can double-check what I used? (Unfortunately, most companies don't offer this feature.)

★Is there a live customer service department? What hours does it stay open? When can I call?

★What is the refund policy? Can I get my money back if the card doesn't work?

Last November, the federal Competition Bureau said it was receiving many complaints about hidden fees, as well as higher rates and fewer minutes than advertised.

Buyers were warned to take precautions when buying prepaid long-distance cards and to report all problems to the bureau at 1-800-348-5358, or by visiting the Web site at <http://www.cb-bc.gc.ca>.

"With so many variables to choose from, you can see why consumers are confused and feel ripped off," Hoey says.

Nevertheless, he sees the market for prepaid long-distance cards growing and widening beyond recent immigrants and those without good credit or bank accounts.

The new market is "just regular folks who want more versatility," he says. They want a long-distance package everyone in the family can use that includes home, office, country retreat and university residences.

One way to protect yourself is to deal with a leading company in the field.

Gold Line Group, based in Richmond Hill, sells its prepaid long-distance cards at 30,000 retail outlets in Canada. They range from convenience stores (Mac's and 7-Eleven) to gas stations (Shell and Petro Canada).

A paper-based version of the company's cards is now sold through CIBC's automated bank machines. And there's a deal in the works to sell the cards at outlets of Canada Post Corp.

You can find out more about the company at its Web site, <http://www.goldline.net>.

Another Web site worth checking is the Phone Card Store (<http://www.thephonecardstore.ca>). It has details on a dozen different cards and lists all the various charges and fees.

Check out the Premier card, which charges 5.5 cents a minute for a call from Toronto to the United States. While advertised as a no-fee card, you

have to read the disclaimer to see that additional charges may apply if you use a toll-free access number instead of a local access number and if you call an overseas cellphone.

Also, the card expires in six months from the first use.

Thanks to all the readers who shared their tips on taming telephone bills. This topic generated more mail than many others covered in our current series on cost-cutting.

Some of the best letters we received were from people who switched away from Bell Canada and then found, to their surprise, they were offered deals they couldn't get before despite their years of loyalty.

"If you call a Bell business office about anything, they always ask who your long-distance carrier is. Then, they offer to beat the deal with whomever you have," says a reader, who moved to Yak Communications as his full-time carrier.

"In my case, they offered to give me a free month after six months, which they don't do for their own customers. Of course, I stayed with Yak."

Why stick with a company that will give you the best deals only if you depart? Shop around and try switching elsewhere. You can always come back to Ma Bell if you're dissatisfied.

Next week, we look at a timely topic. It's still officially summer, but soon you'll be turning on the furnace to warm up your home. How do you save money on heating costs?

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*Ellen Roseman's Money 201 column appears Sunday. You can reach her by writing Business, The Toronto Star, One Yonge St., Toronto M5E 1E6 or at 416-865-3630 by fax or at [erosema@thestar.ca](mailto:erosema@thestar.ca) by e-mail.*

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