MONEY

NET AMOUNT BORROWED BY HOUSEHOLDS IN THE YEAR TO MAY 2021

€1m

NET INCREASE IN HOUSEHOLD SAVINGS IN THE YEAR TO MAY 2021

€14bn

SOURCE: CENTRAL BANK OF IRELAND

Beware fake reviews by dirty rotten scoundrels

Overwhelmingly positive customer endorsements of products on online marketplaces may really be too good to be true, writes *Eithne Dunne*

It is a staple of consumer advice: shop around and check reviews. Yet how much faith can you put in online reviews? Not a lot, it seems, when you take a long, hard look at them.

Fake reviews have been around for a long time, but the accelerated shift to online shopping prompted by the pandemic has increased their power to influence. They are ubiquitous, not just on the big online marketplaces but on social media platforms and elsewhere, despite attempts to stamp them out.

Product reviews usually come from five sources: consumers, sellers, "e-reputation" services, review aggregators and "influencer" endorsements. However they are generated, they can have a big impact.

In advance of Amazon Prime Day on June 21-22, the UK consumer body Which? analysed references by Amazon customers to incentivisation and found multiple reports about offers of cashback, gift cards and other rewards by sellers looking for positive reviews or to have negative ones edited to make them less critical. In many cases, customers said they refused the incentives; in others they accepted, although not all received the offers they were promised.

One buyer gave a product five stars but wrote in the comments section that it was no good and that the five stars were awarded only in return for a £15 (€17) voucher. It is not clear whether the reviewer received the reward. If they did, it seems that some unscrupulous traders are interested in the star rating rather than the actual review. Another buyer who left a negative review for a webcam was offered £15 to change it; when he refused, he received repeated offers of higher incentives of as much as £50.

According to the European Consumer Centre (ECC) Ireland, fake-review factories – outfits that pay consumers to write five-star reviews – have plagued the web for years and undermined the respectability of even reputable review aggregators such as TripAdvisor.

The UK's Competition and Markets Authority has just launched an investigation into whether Google and Amazon have broken consumer law by failing to do enough to prevent or remove fake reviews. The watchdog is concerned that millions of online shoppers may have been influenced by false reviews. The other victims, it said, are law-abiding businesses which lose out to rivals that use fake reviews. In the US last year, a vitamin seller was awarded more than $9 million (€7.5 million) in a case against a competitor found to have, among other things, manipulated customer reviews.

Amazon said it analyses millions of reviews each week before publishing them, in an attempt to weed out fakes. Last year it stopped more than 200 million suspicious reviews from seeing the light of day. Amazon said it also "shuts down submissions from the accounts contributing the fake reviews".

The online retailer has secured dozens of injunctions against providers of fake reviews across Europe and said it will not shy away from taking legal action.

In May it suspended more than a dozen China-based sellers for suspicious behaviour on reviews. In June it took a case against the owners of review sellers AMZTigers and TesterJob.

Amazon said that, if it detects fake reviews that originated elsewhere, such as on social media, it notifies the third-party seller. For example, Facebook has hosted numerous fake review groups over the years – according to Which?, some had hundreds of thousands of members. In April the social media giant removed 16,000 such groups and has committed to doing the same in future, both on Facebook and Instagram.

It takes time for legislation and enforcement to catch up with digital trends but there are signs that things are about to change. Cyril Sullivan, director of ECC Ireland, said that a new EU directive should help to rein in the unscrupulous practice. It is due to become law in Ireland by November and implemented from May next year.

The aim is to bring consumer protection in line with the digital age; to this end, the directive introduces more rules on fake reviews. It will make it illegal for traders to use fake reviews and endorsements such as "likes" on social media, or to commission others to do so. It will also be illegal to manipulate reviews by, for example, publishing only positive reviews or deleting negative ones.

"This will make significant inroads into addressing the issue, to the point where there will be data privacy-type penalties," Sullivan said. "Any company found to be allowing paid reviews or influencing buyers could be fined up to 4 per cent of its turnover."

According to Which?, while you cannot tell by reading a single review whether it is fake, there are often patterns that suggest something suspicious. If a product has an unusually high number of reviews compared with other products, proceed with caution. Similarly, if a product has large numbers of five-star ratings or reviewers are "over the top" in their praise, this should also give you pause.

"Products and services with authentic reviews are more likely to have a mix of consumer feedback across the rating scale," the Competition and Consumer Protection Commission (CCPC) said. "Watch out for products or services with only positive reviews or five-star ratings."

Pay attention to how a review is written, the commission advises, and to whether the language seems genuine; fake reviews often read more like advertisements. Check out the review dates: if numerous positive reviews were posted around the same time, it suggests the seller may have done a big push on incentivised reviews at that time.

Which? said some sellers request the inclusion of photos in fake reviews, while any review written in capital letters or with poor punctuation is questionable.

Watch out for "review merging", an annoying practice whereby reviews for different products are posted under a product you want to buy. At first glance, it looks like the item has many positive reviews, although most or all may be for entirely different products.

Click on reviewers' profiles to check out their other reviews; if all are overwhelmingly positive, there is a chance that they are being incentivised.

Finally, there are free tools that offer to weed out the fake feedback from the genuine. Examples include ReviewMeta, which you can use for Amazon, and Fakespot, which you can use for a range of online marketplaces.

Note that Amazon distinguishes between "ratings" and "reviews". Its "one-tap review system" allows people to give a star rating without writing a review, so that products may have thousands of star ratings but few, if any, reviews. This is not good for potential buyers because, while there are ways to spot a fake review, there is no way to tell whether a star rating is genuine – and apps such as ReviewMeta cannot help.

If you spot what you suspect is a fake review, you can usually report it. On Amazon you click the "report abuse" button. On Trustpilot you click the flag symbol. You can also report suspected fake reviews to the CCPC if the trader is located in Ireland, or ECC Ireland if it is from elsewhere in the EU.

If you bought an item on the strength of reviews that you suspect were false, and you are not happy with it when it arrives, there are strong consumer protections if the seller was based in the EU. You have 14 days to tell the seller you do not want the item and another 14 days to return it for a full refund. Even after this deadline, there are other protections. Outside of the EU, you are at the mercy of the seller's terms and conditions.

If you are having trouble getting a refund, whether fake reviews are involved or not, you have recourse to the Irish or European small claims procedures. These provide legal redress for amounts up to €2,000 or €5,000 respectively, and cost €25.

PayPal has its own dispute resolution service. If you paid with a credit or debit card, you may be able to get a chargeback from your bank for purchases that fail to arrive.

Some reviewers will do anything for money, like Steve Martin, left, and Michael Caine in the film Dirty Rotten Scoundrels

QUESTION OF MONEY

I've just moved jobs and have received a letter about my pension options from my previous employer but have no idea if I should take the pension with me. Is this possible and, if so, is it a good idea?

Anonymous, Dublin

The past 15 months have seen a lot of career changes. Many of us are receiving letters concerning our pensions from previous jobs. If you have recently moved on, should your pension come, too?

Typically, when you leave a job, you will receive a letter a few weeks later setting out options for your pension. There are broadly three: do nothing; transfer it to the pension scheme that comes with your new position; or transfer it to a standalone account that gives you more control.

Doing nothing is easy. If your previous employer's pension scheme is particularly attractive, this could be the right option. For example, you might find that the pension in your previous job is great value, offers solid investment options, and comes with great support from the pension administrator. If that's the case, there are strong reasons to remain where you are. In practice, many people find it hard to keep up to date with pensions from previous jobs and, as a result, they are often neglected. So where might you move your pension?

Moving your money into the pension that comes with your new job will keep everything under one roof, but it can reduce your flexibility. For example, if you expect to stay in your new position until retirement, you will not be able to access any of your combined pension pot before then. By keeping the two pots separate, you could access a tax-free lump sum from your pension with a previous employer starting at the age of 50.

This is why many people choose the third option: moving their old pensions into a new, standalone account. This cuts the cord with your old employer and gives you more control over how your pension is invested. That could mean, for example, moving your money into more appropriate funds, building up a self-invested portfolio of shares and bonds, or consolidating several old pensions with the help of continuing investment advice.

Finally, remember you can move pensions from jobs you left many years ago. With most people working in more than ten different jobs during their careers, a change of employer is a good time to dust down your overall pension position and assess if there is room to improve.

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Send your personal finance or consumer-related questions to money@sunday-times.ie

Eoghan Gavigan

A million reasons to define the true nature of wealth

Would-be investors have a difficult decision to make when considering their options. If they are going to increase their wealth, they will need, at a minimum, to beat inflation and whatever they are paying in charges. This sets a floor for their return objective. After this the field is wide open in terms of what return to aim for.

So how do you select an investment? Do you choose the one that promises the highest return, or do you choose the investment first? Maybe you like the sound of bitcoin, German property, or shares in attention-grabbing companies such as GameStop or Tesla. This might mean taking a level of risk over which you have no visibility to make a return that has no relevance to your situation. Yet many people do exactly this.

I hate it when clients tell me that they want to accumulate wealth. This does not tell me anything that helps me to help them. I need more information such as how do they define wealth.

When I was young, we used to talk about being a millionaire, but a million euros then and a million euros now are very different things. The objective cannot be the accumulation of a stated euro amount – there has to be more to it than this.

The three variables involved are risk, return and time. Risk is difficult to grasp and can be perceived differently. I have heard people after a good outcome express a view that there was no risk involved, and it is a comment that demonstrates a total misunderstanding of the nature of risk.

What about return? How much is enough? We know that risk and return are linked. We know that you do not want to take more risk than necessary. If you can determine how much is enough, maybe this will help you to limit your risk.

The third variable is time. Broadly speaking, most of us have the same amount of time on this earth. If your objective is to accumulate more money than your neighbour, you have to start with more money or you have to take more risk. In any case, an objective to accumulate more than your neighbour would be pointless, because it has to be about you.

Financial planning is concerned with determining the cost of your objectives and structuring your finances so that you accumulate enough to achieve them. If you can quantify the cost of your objectives – housing, education, retirement – and determine the level of risk you are willing and able to take, you can work back to the required investment and determine if you have enough.

If you do not have enough, you can make an informed decision to reduce the cost of your objectives, prioritise more critical objectives, or take more risk. If you want to go a step further and accumulate more than enough, that is your prerogative, but know that approaching it this way may result in a poor outcome. Even if you succeed, what will you have jeopardised, and to what end?

There are three types of clients. The first are those who do not have enough. Think of a couple, possibly in their thirties or forties. They have time but they do not have enough money. They do not have a plan to fund their objectives. If nothing changes, they are going to have to work for as long as they are able. Their financial situation is going to dictate a lot of the choices they make.

The second type are clients who have too much. They have money but they do not have time. Think of a well-off retired couple in their seventies. They have enough money to maintain their lifestyle for several decades but they have an average life expectancy of only ten to twelve more years. They could have done more with their lives. They could have worked less.

The third type are those who have enough, but here's the rub: most of them do not realise that they have enough. They have to be told, while they are still young enough, that they can have a better work-life balance. They could switch to a three-day week, retire at the age of 55 or, if peace of mind is their overriding objective, they could reduce risk in their portfolios.

So how much do you need to accumulate to say that you are wealthy? Based on my definition of a millionaire when I was 12, you would need more than €2 million today to have the same spending power as €1 million in 1985 because of the effects of inflation. Of course, wealth is not a precise monetary amount or a number dictated by someone else. When you set your financial objectives, you define what wealth is – and if you achieve it, then you are wealthy.

It's wealth with a purpose.

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