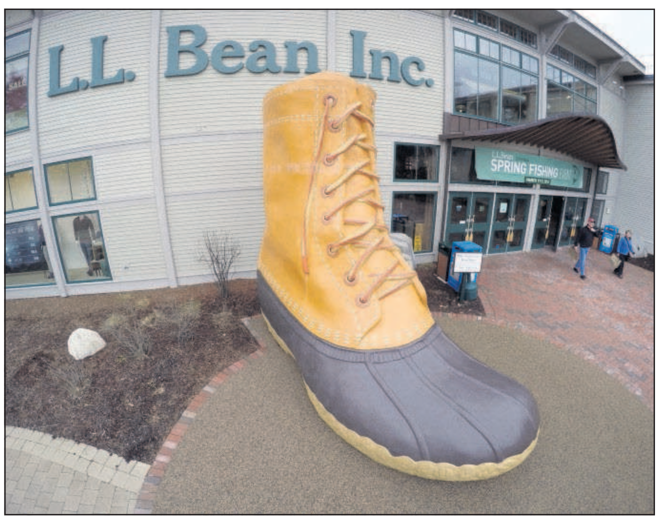
Citing fraud, LL Bean imposes new limits on its return policy

By DAVID SHARP
Associated Press



AP Photo/Robert F. Bukaty, File

In this March 2016 file photo, shoppers exit the L.L. Bean retail store in Freeport, Maine.

FREEPORT, Maine — L.L. Bean's generous return policy is going to be a little less forgiving: The company, which has touted its 100 percent satisfaction guarantee for more than a century, is imposing a one-year limit on most returns to reduce growing abuse and fraud.

The outdoor specialty retailer said returns of items that have been destroyed or rendered useless, including some purchased at thrift stores or retrieved from trash bins, have doubled in the past five years, surpassing the annual revenue from the company's famous boot.

"The numbers are staggering," CEO Steve Smith told The Associated Press. "It's not sustainable from a business perspective. It's not reasonable. And it's not fair to our customers."

L.L. Bean announced Friday that it will now accept returns for any reason only for one year with proof of purchase. It will continue to replace products for manufacturing defects beyond that.

The company is also imposing a $50 minimum for free shipping as part of a belt-tightening that includes a workforce reduction through early retirement incentives and changes in workers' pension plans.

The Freeport-based company joins a list of other retailers that have been tightened return policies. Outdoors retailer REI, which was once jokingly dubbed Rental Equipment Inc. and Return Everything Inc. because its unlimited returns policy, imposed a one-year restriction five years ago. Other retailers have been narrowing the window for returns or imposing new conditions.

L.L. Bean's announcement in a memo to employees and in a letter to customers represents a seismic policy shift for a 106-year-old company that used its satisfaction guarantee as a way to differentiate itself from competitors.

Leon Leonwood Bean, the company's founder, is credited with launching the policy when 90 of his first 100 hunting shoes were returned. He earned goodwill by returning customers' money, and he came back with a better boot. Thus the satisfaction guarantee was born.

But the merchant never intended for his satisfaction guarantee to become a lifetime replacement policy, company executives said. Abuse of the generous return policy with no time limit has accelerated thanks to people sharing their return stories on social media, they said.

The family-owned company is prepared for a backlash, but the changes honor the spirit of the founder's original guarantee, said Shawn Gorman, L.L.'s great-grandson and the company's chairman. Internal surveys indicate 85 percent of customers are OK with the new return policy, he said.

"There is no one in this family who would've allowed this to happen if they thought that L.L. would be upset with us, like, if he would be rolling over in his grave," Gorman said.

The news drew a mixed reaction on social media, with some excoriating the retailer and others saying the change is justified.

Maine native Justin Franz recalled that virtually all kids returned to school each fall with a brand-new backpack from L.L. Bean when he was a kid. He said he learned later in life that some of those backpacks were being returned every year for the latest model.

"It was bound to happen," the Montana resident said of the end of unlimited returns. "It doesn't change my opinion of the company at all. I understand why're they're doing it."

Over the past five years, the company has lost $250 million on returned items that are classified by the company as "destroy quality," said L.L. Bean spokeswoman Carolyn Beem.

"Destroy quality" items are destined for the landfill. First-quality products are returned to store shelves and "seconds" are sold at outlets or donated to charity.

It's not uncommon to hear stories of people clearing out basements of used or unwanted L.L. Bean products, sometimes decades after their purchase. Some customers replace the same items year after year to get the latest outdoor gear. Some even head to thrift stores, yard sales or junkyards to retrieve L.L. Bean items that they then return.

Gorman knows firsthand: He said a shirt that he had donated to Goodwill, with his name printed in it, was once returned to a store.

Equifax hack put more info at risk than consumers knew

By SARAH SKIDMORE SELL
AP Personal Finance Writer

The Equifax data breach exposed more of consumers' personal information than the company first disclosed last year, according to documents given to lawmakers.

The credit reporting company announced in September that the personal information of 145.5 million consumers had been compromised in a data breach. It originally said that the information accessed included names, Social Security numbers, birth dates, addresses and — in some cases — driver's license numbers and credit card numbers. It also said some consumers' credit card numbers were among the information exposed, as well as the personal information from thousands of dispute documents.

However, Atlanta-based Equifax Inc. recently disclosed in a document submitted to the Senate Banking Committee, that a forensic investigation found criminals accessed other information from company records. According to the document, provided to The Associated Press by Sen. Elizabeth Warren's office, that included tax identification numbers, email addresses and phone numbers. Finer details, such as the expiration dates for credit cards or issuing states for driver's licenses, were also included in the list.

The additional insight into the massive breach was first reported by the Wall Street Journal.

Equifax's disclosure, which it has not made directly to consumers, underscores the depth of detail the company keeps on individuals that it may have put at risk. And it adds to the string of missteps the company has made in recovering from the security debacle.

Equifax spokeswoman Meredith Griffanti said that "in no way did we intend to mislead consumers." The company last year disclosed only the information that affected the greatest number of consumers and wanted to "act with the greatest clarity" in terms of the information provided the committee, she said.

Griffanti also said that while the list provided to the committee includes all the potential data points that may have been accessed by criminals, those elements impacted a minimal portion of consumers. And some data — like passport numbers — were not stolen. The company reiterated that the total number of consumers affected is unchanged.

"When you are making that kind of announcement, where do you draw the line? If you saw the list we provided the banking finance committee it was pretty exhaustive," Griffanti said. "We wanted to show them that no stone was left unturned."

But to consumers whose information was exposed, it may feel like yet another slap in the face.

Equifax waited months to disclose the hack. After it did, anxious consumers experienced jammed phone lines and uninformed company representatives. An Equifax website set up to help people determine their exposure was described as sketchy by security experts and provided inconsistent and unhelpful information to many. The company blamed the online customer help page's problems on a vendor's software code after it appeared that it had been hacked as well.

Identity fraud hits all time high with 16.7 million U.S. victims in 2017

SAN FRANCISCO (AP) — The 2018 Identity Fraud Study released Feb. 6 by Javelin Strategy & Research, revealed that the number of identity fraud victims increased by eight percent (rising to 16.7 million U.S. consumers) in the last year, a record high since Javelin Strategy & Research began tracking identity fraud in 2003. The study found that despite industry efforts to prevent identity fraud, fraudsters successfully adapted to net 1.3 million more victims in 2017, with the amount stolen rising to $16.8 billion. With the adoption of EMV (embedded chip) cards and terminals, the types of identity fraud continued to shift online and away from physical stores. The complexity of fraud is also on the rise as criminals are opening more new accounts as a means of compromising accounts consumers already have.

This last year saw a notable change in how fraud is being committed. While credit card accounts remained the most prevalent targets for new account fraud, there was significant growth in the opening of new intermediary accounts, such as email payments (e.g. PayPal) and other internet accounts (e.g. e-commerce merchants such as Amazon) by fraudsters. Although not as easily monetized alone, these account types are invaluable in helping fraudsters transfer funds from the existing accounts of their victims.

The study also found three significant changes in data breaches in 2017. Nearly a third (30 percent) of U.S. consumers were notified of a breach in the past year, up from 12 percent in 2016. For the first time ever, Social Security numbers (35 percent) were compromised more than credit card numbers (30 percent) in breaches. Finally, data breaches are causing consumers to lose trust in institutions. These trends combined to cause consumers to shift the perceived responsibility for preventing fraud from themselves to other entities, such as their financial institution or the companies storing their data.

BRIEFLY

Staff photo by Jade McDowell

Affordable Family Eyewear is moving to Gladys Avenue in June.

Affordable Family Eyewear moving

HERMISTON — Affordable Family Eyewear is moving into a much bigger space this summer.

The Hermiston-based optometry office is in the process of completely renovating 298 E Gladys Avenue and hopes to move into the space — three times bigger than its current offices on Highway 395 — by June.

Right now the business's lens lab and exam rooms are in two separate buildings, so Allen Lambert of Affordable Family Eyewear said the move will not only give them space to expand and place additional displays of eyewear, but it will also create a faster turnaround time for processing prescription lenses.

He said they don't plan to raise prices after the move. They do plan to add at least one additional staff member as part of the expansion process.

Lambert said they are remodeling the interior and exterior of the gray building on the corner of Gladys Avenue and Southwest Third Street, formerly used as Foursquare Church. Over 6,000 square feet will be used for Affordable Family Eyewear and an additional 3,500 square feet will be available for rent.

Good Shepherd wins excellence awards

HERMISTON — Good Shepherd Health Care System CEO Dennis Burke received the highest excellence award given at this year's Health Care Service Excellence Conference held in San Antonio, Texas.

Burke's Summit Award was also accompanied by four Pinnacle Awards and 39 Breakthrough Awards for Good Shepherd at the national conference.

According to a news release from Good Shepherd, the Summit and Pinnacle awardees were chosen from 265 nominees spanning 10 states. Burke received one of 15 Summit Awards presented, for being an inspiring administrator. He also received one of the 54 Pinnacle Awards.

Other Pinnacle Award recipients from Good Shepherd were Amber Davis, an emergency department nurse; Lucas Bradshaw, emergency department nurse manager; and Devin Goldman, customer experience and quality coordinator.

The conference was dedicated to helping healthcare organizations improve the overall patient experience. According to the news release, Good Shepherd has seen a "significant improvement" in customer satisfaction ratings since it launched its Service Excellence Initiative in 2016 to "engage all employees at every level to be mindful of what our customers need, want and desire from their healthcare experience."