



LETTER-GRADE RATINGS SYSTEM FREQUENTLY ASKED QUESTIONS (FAQs) (Revised April 15, 2009)

GENERAL QUESTIONS

What is the ratings system?

The new BBB rating system relies on an A+ through F letter-grade scale. The grades represent BBB's degree of confidence that the business is operating in a trustworthy manner and will make a good faith effort to resolve any customer concerns.

Why did BBB change its ratings system?

BBB updated its BBB Reliability Reports™ to help consumers more easily and quickly identify and compare the reliability of businesses based on BBB's unbiased evaluation. Previously, BBB awarded businesses either a "satisfactory" or "unsatisfactory" grade—which did not provide as much insight as a letter grade.

What goes into a business's letter-grade rating?

The ratings system relies on a proprietary formula that takes into account 17 factors based on objective information and actual incidences of a business's behavior that have been verified and evaluated by BBB professionals.

What are the factors that go into a business's rating?

Specific factors include:

- The type of business and its business model
- How long the business has been operating
- Whether the business has appropriate competency licensing
- Total volume of complaints filed against the business
- The number of unanswered complaints
- The number of unresolved complaints
- The number of serious complaints
- An overall complaint analysis
- Number of complaints with a delayed resolution
- An unaddressed pattern of complaints
- Government actions against the business
- Any advertising issues found by BBB
- The extent of background information available to BBB for evaluation
- The extent to which BBB is able to develop a clear understanding of the business
- Whether the business has honored any mediation/arbitration commitments
- Whether the business has attained BBB Accredited Business status
- Whether the business has had its BBB Accreditation revoked

How is the letter grade computed?

Businesses are awarded points based on 17 factors, which are weighted according to BBB's assessment of the importance of each factor. The points are calculated and a letter grade is awarded based on the point range the businesses fall into.

How are the factors weighted?

In most cases, complaint history drives a business's letter-grade rating. Nearly 85 percent of the scoring is determined by consumer-reported complaints that have been verified and evaluated by BBB, such as the number of complaints, the severity of complaints and how a business resolves complaints. There are though, some overarching factors that will impact a business's rating even if there have been no complaints to date, such as: how long the business has been operating, government actions, and advertising and competency license issues.

Do you guarantee the reliability of companies that are rated?

No. The grade represents BBB's degree of confidence that the business is operating in a trustworthy manner and will make a good faith effort to resolve any customer concerns. In all cases, users should also read and consider full BBB Reliability Reports™ which includes more information and details.

How often are ratings reviewed and/or changed?

Any time new information is reported to and/or collected by BBB and evaluated by our professionals, that information is loaded into our database, which automatically updates the business's rating. For all businesses in our database, BBB reports on complaints received in the previous 36 months.

How does a grade increase or decrease?

Ratings can and will change in a number of ways. Changes depend on the factors involved and how that factor is weighted. Generally speaking, a business's grade is a function of the level of trust BBB has in the business as a result of its actions in the marketplace. Therefore, a business's grade can rise or fall depending on how the business performs in regard to the 17 factors.

What do you tell a business that wants to know how to increase its letter grade?

First and foremost, BBB will want to examine what the specific deficiencies are – i.e., the issues that contribute to the business's rating. From that research, BBB can then offer specific, qualified guidance on how the business can improve its BBB rating. In general though, BBB can certainly recommend to any business that it consistently treat its customers in a fair and honest manner. And, if honest mistakes are made, take prompt and appropriate action to resolve issues in a timely manner.

Will consumers (and/or businesses) be alerted if a business's score changes?

Users will need to check BBB Reliability Reports™ for updated ratings. We are considering other options for updating and notifying consumers in the future, but no decisions have been made at this time.

Where can consumers find a business's rating?

Individual business ratings are prominently displayed at the top of BBB Reliability Reports™. Consumers can research the reliability reports of more than four million businesses online, free of charge, at www.bbb.org.

Where can people find more information about BBB Ratings in general?

For more information about BBB Ratings, consumers and businesses can visit www.bbb.org. Information will be readily available, explaining BBB Ratings, through links and interactivity associated with our BBB Reliability Reports™. And of course, consumers and businesses are always welcome to contact their BBB via phone or e-mail with individual questions.

QUESTIONS THAT MAY ARISE ABOUT SPECIFIC FACTORS

What does each rating mean?

For more information on the specific factors leading to a business's rating, consumers should read the full BBB Reliability Report™, which includes more details about the business including complaint history.

What does NR mean?

Generally, BBB assigns a business an "NR" (No Rating) under the following circumstances:

- Type of business is not appropriate for BBB rating (i.e., psychics, astrologers, spiritualists.).
- BBB doesn't have enough information on the business and/or hasn't had sufficient time to assess the business.
- BBB has determined the business is no longer operating.

What does the factor "BBB's experience with the industry in which the business operates" mean?

The term specifically applies to types of businesses (industries) that are generally scams or fraudulent. It can also apply to an industry that relies on a business model that, in BBB's experience, exhibits consistent or inherent problems or trade practice concerns.

What are the industries that BBB has identified as scams or fraudulent?

Industries that fall into the category of Illegal/Scam are:

- **Advance fee loan brokers** -- Businesses that charge advance fees for non-existent loans.
- **Credit repair services** -- Businesses that charge advance fees to repair/improve consumer credit history.
- **Online casinos** -- Online casinos that provide for winning/losing real money.
- **Chain letters** -- Chain letters, including those with an "opportunity" that requires money be sent to others in the chain.
- **Advance fee job listing and advisory services** -- Job listing and advisory services that charge an advance fee for referral to positions that don't exist or they are not authorized to promote.
- **Foreign lotteries**
- **Office supplies telemarketers** -- Telemarketers that sell office supplies using deceptive techniques.
- **Unapproved foreign online drug and prescription services** -- Online pharmacies selling unapproved drugs and/or invalid prescriptions.
- **Itinerant workers that solicit for paving, painting and home improvement** -- Itinerant workers providing poor or no service.
- **Ponzi schemes** -- Investment schemes relying almost entirely on contributions from future investors to pay current investors.
- **Pyramid business opportunities** -- "Business" opportunities that focus primarily on monetary payments and recruitment of new payees rather than sale of a product or service.

- **Illegal prize promotions** -- Fraudulent prize promotions.
- **Reloader schemes** -- Fraudulent offers to recoup money for previously scammed consumers.
- **Illegal sweepstakes** -- Sweepstakes that require advance payment to claim non-existent cash prize winnings.
- **Work at home companies** -- Work-at-home businesses that require initial advance fee and misrepresent earnings and/or nature of work.

What are the industries that exhibit consistent or inherent problems or trade practice concerns?

Industries that fall into the category of "Inherent Problems" include:

- **Debt negotiation/settlement companies** -- Businesses using model that has consumer start by not paying creditors for period of time prior to negotiation with creditors.
- **Government auctions and job listing services** -- Businesses that charge a fee for publicly available information about government auctions and jobs.
- **Finder services for grants, scholarship and financial aid** -- Businesses that engage in questionable advertising and charge a fee for resource lists for grants/scholarship/aid.
- **Businesses making scientifically unproven health/medical claims to sell products**
- **Itinerant/bulk meat sellers** -- Door-to-door and/or short-term businesses that engage in questionable advertising and sales practices in sale of bulk meat.
- **Modeling agencies that charge an advance fee**
- **Wealth Building/Real Estate seminars** -- Businesses promising unrealistic results for building wealth with purchase of books, DVDs, etc.

How were these industries chosen?

A BBB committee determines which industries fall into categories of scams or having inherent problems. The list of industries is regularly reviewed and subject to change as determined by the committee.

Will larger businesses receive lower grades because they likely will receive more complaints due to the sheer volume of business they do?

No. BBB takes into account the size of a business, such as the number of customers, when evaluating the volume of complaints.

Why is length of time in operation a factor?

How long a company has been in business is one of the first things consumers consider when researching a company to hire. They want to have a degree of confidence that the business has experience and a track record, so our formula factors this key consideration in.

Are BBB Accredited Businesses guaranteed a higher grade than non-accredited businesses?

No. While BBB Accredited Businesses do receive additional points, other factors contribute to a company rating and non-accredited businesses can also have favorable ratings.

Why are BBB Accredited Businesses getting points?

Grades represent BBB's degree of confidence that the business is operating in a trustworthy manner and will make a good faith effort to resolve any customer

concerns – and accreditation raises that level of confidence. To be accredited, a business has been thoroughly reviewed by BBB, meets the organization's high standards for integrity and reliability when dealing with consumers, signs an agreement with BBB to continue to abide by these standards and supports BBB's efforts to educate and protect the public. In addition, under this agreement, the business must work with BBB to resolve complaints in a timely manner that is equitable for the consumer.

Is it fair that BBB receives money from Accredited Businesses?

Like most standards-based organizations that provide accreditation, we charge a business for the time and costs associated with reviewing and monitoring their organization. As a result, we are able to provide many important and valuable services to all consumers free of charge, such as BBB Reliability Reports™.

Why do you (how can you) rate non-accredited businesses?

The more information we can provide the public, the better informed they are to make a good choice when hiring or doing business with a company. Therefore, when we have sufficient information to evaluate a business based on our 17 factors, we will provide a report and subsequent letter grade.