



DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
Office of Consumer Protection
DCCA News Release

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**Accord Reached with H&R Block
Block Can't Charge for "Peace of Mind" Without Asking First**

(Honolulu) April 22, 2003 - H&R Block Services, Inc. has agreed to reimburse clients who paid for the tax-preparation company's "Peace of Mind" guarantee but may not have wanted to purchase the optional service, Mark Recktenwald, the Director of Commerce and Consumer Affairs, announced today.

The agreement, reached between 41 states, the District of Columbia, and H&R Block, concerns the company's guarantee to pay up to \$5,000 of any additional income tax owed due to a preparer's error. Hawaii is one of the states joining in the settlement.

The settlement will provide restitution to customers who were charged for the Peace of Mind guarantee but who do not believe they were adequately informed of their choice.

The states said Block added a fee of \$22 for the guarantee to all consumer tax return preparation invoices without the consumer's affirmative acceptance. Block denies it violated any consumer protection statute and maintains it did not deprive its customers of the choice.

The agreement calls on H&R Block to establish a \$1 million fund to refund to eligible consumers. To be eligible, consumers must have had a tax return prepared in the 2001 tax season, been charged for the guarantee as an additional component, never utilized the guarantee and never been informed that the guarantee was added for a fee to their tax preparation service.

Eligible consumers must make a request either by phone to a toll free number (866/522-7083), or through the website H&R Block is establishing for customer refund requests (http://www.hrblock.com/customer_support/pom.jsp). Information about the website address will be available on the H&R block website and the State of Hawaii's website

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(<http://www.state.hi.us/dcca/ocp>). Consumers may also contact the Department's Office of Consumer Protection at 586-2653. Consumers must apply for a refund before August 22, 2003.

Under the terms of the settlement, H&R Block will seek a consumer's affirmative agreement before charging for the guarantee in the future. The company may not make a representation that it "recommends" purchasing the guarantee until the customer has been provided the material terms and conditions of the guarantee.

H&R Block also agreed to reimburse the states for the costs of bringing the action against the company.

For further information, please contact Stephen Levins of the Department's Office of Consumer Protection at 586-2836.

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