

Self Storage Rip-Off

When your furniture is away, the rats will play

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Insurance claimants, small businesses, and people in transition (such as our Katrina, water damage and/or mold victims) often turn to self storage facilities. We have uncovered consumer abuse by both self storage operators and insurance providers which merits POA discussion.

1. **Illegal Access Denial:** Self Storage units use computer controlled gate locks – tenants have a code which they key in to access their storage unit. Each state has civil process for collecting money, including a self storage law which delineates the minimum rules for dealing with tenants. California has 14 days before they can send a letter which gives another 14 days. You guessed it – tenants are routinely locked out using the gate code when they are late. The worst violator we found locks people out on the 6th day; others use the 8th, 9th, and 14th *not one self storage company was found to abide by the rules out of the five companies surveyed*, and the tenants for the most part are unaware they are being strong armed illegally. If you have been access denied, look up your State Lien law at <http://www.storage laws.net/> to see whether, and how badly, your self storage provider broke the law. This bullying is being tested by consumer fraud class action.

2. **Insurance Rip Off:** Self Storage providers usually offer insurance. At least one class action is moving forward in California where the tenant would check off, and pay for coverage between \$2,000 and \$10,000. If you have good eyesight, a magnifying glass and study the lease long enough, you will find a clause which states, “Tenant agrees that in no event shall the total value of all property stored exceed \$5,000 unless tenant has insurance protecting the property.” A lawsuit was recently filed alleging the self storage provider, on behalf of the insurance carrier, collected premiums for coverage above \$5,000 while intending to, and actually, relying on this \$5,000 ceiling for claims.

3. **Fine Print:** Yep. These leases typically include lots of fine print which is not there to help the tenant. One nationwide company advertises business inventory and keepsakes as suggested things to store – then cites provisions in fine print ‘no business operation’ and ‘nothing of sentimental value’ to deny responsibility when things get lost. POA members are encouraged to read “Comparison of Consumer Fraud Statutes Across the Fifty States” to see what kind of protection your state has for this kind of fraud (check for updated information – this article is good, but dated). The multi-page article can be found at: http://findarticles.com/p/articles/mi_qa4023/is_200504/ai_n14800199. You might also be interested in comparing the rating of your state against other states in consumer fraud legislation.

An example of a typical self storage agreement can be found at: https://www.policyholdersofamerica.org/secure/legal_pdf/seabury_ryder.pdf

The class action can be found at: https://www.policyholdersofamerica.org/secure/news_pdf/P-5173_CLASS_ACTION_COMPLAINT%20Revised%2020_2.pdf

Mr. Washington is a POA member doing consumer litigation in California.

