

Signet Jewelers: Jewelry Experts Question Signet's Product Quality and Marketing Practices; Consumer Complaints Allege Practices that Run Afoul of FTC Jewelry Guidelines

Takeaways from Interviews with Jewelry Employees, Experts

Experts question quality of Signet merchandise. For this article, we spoke to Ira Weissman of [The Diamond Pro](#), to jewelry stores in Virginia and Maryland, to consumers who purchased jewelry from Signet Jewelers, and to various other sources on background. We also visited a Kay Jewelers location. The jewelry store employees, owners, managers and jewelry experts we interviewed indicated that customers of Jared, Kay and Zales often bring products into jewelry stores for appraisals or insurance purposes. Often, the independent jewelers inform consumers that they overpaid for their jewelry and that the jewelry is of an inferior quality to what sales representatives at Signet Jewelers led them to believe they were purchasing. Other jewelry stores reported that some Kay, Jared and Zales customers become so frustrated with Signet's retailers – either from delays or poor customer service while jewelry is being repaired – that they end up relying on local jewelry stores for repairs instead. All employees of the independent jewelry stores we interviewed said they regularly encountered disgruntled customers from Kay, Jared and Zales.

Numerous consumer complaints. In addition to airing their grievances in local jewelry stores, consumers have taken to the internet. Consumer complaints on various websites allege general deception by Signet. Some customers complain that they were misled about the specifics of what they purchased. These complaints include allegations of misrepresentations about the quality and metal composition of the jewelry. When consumers have contacted Signet in an effort to try to fix these problems, consumers allege that Signet provided little to no recourse. In many cases, consumers have poor experiences purchasing engagement and wedding rings, which account for about half of the company's business, according to the company's most recent year-end earnings call on March 24.

Potential violations of FTC jewelry guidelines. Some of the representations alleged in the consumer complaints, if corroborated, suggest that Signet may currently be in violation of the FTC's jewelry guidelines, which specifically prohibit deception in connection with the sale of jewelry. The FTC guidelines also require specific disclosures of the metal composition of jewelry products, among other things. If these consumer allegations are corroborated, it could open Signet up to an FTC investigation, an FTC enforcement action, or an enforcement action by any of the numerous agencies with which the FTC shares complaints via its [Consumer Sentinel Network](#).

Takeaways from our Interview with Ira Weissman

Lower quality product. According to Mr. Weissman, Signet has major incentives for selling a low quality product: the company focuses on sustaining high profit margins, has high fixed infrastructure costs, and a target market of middle-to-low income Americans. Mr. Weissman noted that quality issues are more of an issue at Kay and Zales, and less of an issue at Jared.

Race to the bottom on certification? Mr. Weissman added that Signet obfuscates the low quality of its product by working with certification companies – IGI and GSI – known for their more liberal certification standards. The

industry standard certification, GIA, is referred to as the gold standard in the industry. According to an article on [The Diamond Pro](#), “Kay Jewelers deals almost exclusively in looser certifying labs such as IGI.” While the average consumer might see the certification and believe that the diamond is competitively priced, the article notes that “an educated customer knows that the IGI certified stone is probably 2-3 grades upgraded from what it would have received at GIA.”

Another source who works at a high-end diamond store in Manhattan further explained that higher-end customers demand GIA certification for high-end diamond purchases, whereas lower-end customers are generally less informed as to the quality of the certification and the quality of the merchandise. Further, lower end customers are more easily led to believe that a certification itself – regardless of the quality of the certification company – is an indicator of higher quality.

We visited a Kay Jewelers retail location on March 31, 2016. During our visit, only three brands of diamonds had certifications, and all of the certifications were done by GSI, which uses similar grading methods to IGI. According to a source, Kay Jewelers made the shift from IGI to GSI because GSI pushed hard to get the business and offered to open up a lab in Akron, where Signet Jewelers is headquartered. GSI also promised to cut the price for certifying stones significantly to win Kay’s business. An employee at Kay was unable to explain the difference between GIA and GSI certification. The employee did take our information and indicated she would call us once she figured out exactly what the rating meant.

Carat accounting: margins incentivize suppliers to provide diamonds at lower end of range. According to Mr. Weissman, Kay, like other large retailers, uses a [range](#) of carat weights for its diamonds for ease of inventory tracking within an SKU system. He states that it would complicate larger retailers' inventory tracking if they had to treat each diamond as an individual product. Mr. Weissman also says if suppliers had to adhere to exact carat weights, then they would be unable to supply enough product to large retailers. Instead, Kay or other large retailers would define an acceptable range around a particular carat weight (e.g. a “1-carat” stone could be anywhere from 0.95 carats to 1.05 carats) that the supplier must conform to.

The supplier has an incentive to provide diamonds at the lower end of the range in an effort to increase its margins. Of course, in this example, retailers would object to being supplied stones with an average weight less than the desired 1 carat amount. The use of ranges inherently means that some consumers will purchase stones that weigh less than the expected carat weight, and some consumers will purchase stones that weigh more than expected. Consumers who may not be aware of the range system used by large retailers may be surprised to learn that the stone’s carat weight may be different than they believed.

Closer Look at Disgruntled Customers

Disgruntled Signet customers air their complaints in various forums. For instance, there are a significant number of consumer complaints about Signet Jewelers and its affiliated brands online. Websites containing complaints include: [Pissed Consumer](#); [Consumer Affairs](#); [Complaints Board](#); [Ripoff Report](#); [USA Complaints](#); the [Better Business Bureau](#); Twitter; various Yelp pages for individual locations; and [a Facebook group dedicated to boycotting Kay](#), among others.

Mass production may lead to quality issues. Two jewelers said Signet’s quality and repair issues are likely connected to a reliance on mass production. The jewelers said jewelry mass produced in China is often of a lower

quality than jewelry handcrafted in the United States. They added that mass produced jewelry is more likely to face structural problems.

Misrepresentation about products. We spoke with one jeweler in Virginia who said his jewelry store encountered numerous complaints from disgruntled Kay, Jared and Zales customers. A commonly-heard complaint the jeweler relayed was that a Signet brand store will claim that a product regularly retails at, say, \$7,000, but that it is currently on a special sale for \$4,900. This would appear to be a familiar sales tactic, as long as the ring itself is actually of the quality being marketed. The jeweler explained that Signet brand jewelry stores sell products with features that are not as advertised. The jeweler said a common misrepresentation is to claim that a mounting is hand set when in fact the mounting (made in China) was wax set – a mass production technique. The jeweler explained that if the jewelry were made by hand, then it could be worth the advertised amount.

Getting what you pay for? Another jeweler we spoke with who does appraisals for insurance purposes indicated that she had “tons of experience” with consumers finding out that they did not get what they believed they paid for when shopping at Signet brand stores. She indicated that even though Kay, Jared and Zales may provide a certification, the people that sell the jewelry may not have the required skills or education to explain to a consumer what the certification actually means regarding the quality of the merchandise. The sales representative at the Kay Jewelers we visited was unable to explain the meaning of the certification of diamonds we inquired about. The sales associate indicated she had to look at Kay’s website to tell us the significance of a given certification and also the difference between the companies that provide certifications.

Customer service complaints. One of the jewelers in Virginia also indicated that consumers had poor customer service experiences with Kay, Jared and Zales. He recounted an example of a disgruntled Zales customer who was in his store on March 30, 2016 and complained that her engagement ring was so frequently in need of repair that she was not able to enjoy wearing the ring after getting engaged.

We also spoke with a consumer whose then-fiancé purchased her ring at Kay Jewelers of Topeka, Kansas in September 2015. Two weeks after receiving her ring, she found the diamond missing from the halo. A back-and-forth repair process between Kay and the consumer persisted from November 2015 to March 2016. One of the jewelers we spoke with commented that the poor customer service and number of disgruntled Kay, Jared and Zales customers was actually good for his business. He indicated that he made an enormous amount of money from disgruntled Kay, Jared and Zales customers because he was frequently given the opportunity to remake a ring or replace jewelry.

Survey of Customer Complaints and Analysis of FTC Guidelines

The [FTC’s jewelry guides](#) are designed to protect consumers against deception and fraud in the jewelry market and require retailers to make certain disclosures to consumers to ensure that consumers are well informed before they make their purchases. The numerous consumer complaints we have seen online, if true, and our conversations with various local jewelry retailers and jewelry experts suggest that Signet could be in violation of existing FTC jewelry guides, and may have to alter some of its business practices to comply with the FTC’s upcoming amendments.

Specifically, Section 23.1 of the jewelry guides states, “It is unfair or deceptive to misrepresent the type, kind, grade, quality, quantity, metallic content, size, weight, cut, color, character, treatment, substance, durability, serviceability, origin, price, value, preparation, production, manufacture, distribution, or any other material aspect of an industry product.” Section 23.4 states that jewelers must accurately represent the amount of gold in products, “It is unfair or deceptive to misrepresent the presence of gold or gold alloy in an industry product, or the quantity or karat fineness of gold or gold alloy contained in the product...”

For purposes of this article, we pulled some of the more egregious examples of this violation, which include:

- One consumer said they purchased a ring from Kay that [the company certified as white gold](#). However, when they took it to an insurer, they were informed that the ring was “misrepresented” as white gold and was actually composed of sterling silver.
- Before their wedding, a couple bought two wedding rings advertised as 14K white gold from Kay. After one was accidentally bent, they tried to use their warranty to replace it. [They found out from the store that it was actually sterling silver](#), and corporate customer service informed them that they were unable to grant a refund because the couple could be trying to scam the company.
- One couple said they were assured by a Kay saleswoman that [the white gold wedding bands they were buying had no nickel in them since the fiancée had an allergy](#). Eight months after the wedding, the woman’s ring finger started swelling and breaking out in hives. The couple sought advice from an expert, who said there was indeed nickel under the rhodium plating. They called Kay’s customer service, who offered no compensation besides returning to the local store and trying to trade it in. Specifically, one representative said the store would give no refund, according to the complaint.
- One customer, [who posted publicly on the Boycott Kay Jewelers Facebook group](#), bought an engagement ring from the Citrus Park Mall Kay Jewelers location in Tampa, Florida. The fiancé was promised by several store associates that the ring was nickel free. Once the woman had been wearing the ring for a while and the rhodium plating wore off, she started to break out in hives on her arm. While trying to rectify the situation, she said the company wanted her to pay \$1,800 for a replacement ring. She selected a different replacement ring for less, and the diamond fell out of the new ring two weeks later.

In 2010, the FTC made [revisions](#) to its jewelry guides to reflect the use of base metal alloys in platinum jewelry. As a result, under Section 23.7 of the jewelry guides, retailers are required to disclose the amount of platinum in products they sell. Complaints about Signet not disclosing the platinum content in its rings include:

- A woman brought in what she thought was a pure platinum ring from Jared for repair. In the meantime, she tried on other platinum rings and found that her ring was lighter than the others. [Jared informed the couple that their ring was a mix of 58.5 percent platinum with the remainder as cobalt](#). The complaint indicated that the salespeople and documentation for the sale only ever referred to the ring as platinum. Under FTC regulations, such a low level of platinum would require more upfront disclosures.
- One consumer who purchased a \$14,700 diamond platinum engagement ring from Jared [said he purposefully asked for a pure platinum ring because his fiancée had a nickel allergy](#). He said he was assured the ring was pure platinum. Later, once his wife had an allergic reaction to the ring, they returned

to Jared and were informed that the ring did indeed contain nickel. The store claimed it never would have said otherwise.

Additionally, during our retail experience, we viewed a ring that was marked as 14K and “plat.” The Kay employee did not clarify what “plat” meant until we asked. “Plat” was defined as an indicator that only the head of the ring was platinum, and the rest was 14K white gold.

If the consumer allegations on the various websites are corroborated, they allege certain types of behavior that, if true, would violate specific provisions of the FTC’s jewelry guides. Violations of the FTC’s jewelry guidelines, if corroborated, could expose Signet to enforcement action not only by the FTC, but also by the various enforcement entities with which the FTC shares consumer complaints via the [Consumer Sentinel Network](#). It is important to note that there are numerous consumer complaints about poor customer service, problems with repairs and other actions that we will continue to investigate in subsequent articles.