

UNITED STATES OF AMERICA
BEFORE THE FEDERAL TRADE COMMISSION

COMMISSIONERS: Lina M. Khan, Chair
Noah Joshua Phillips
Rebecca Kelly Slaughter
Christine S. Wilson

In the Matter of

HOMEADVISOR , INC., a corporation,
d/b/a ANGI LEADS ,
d/b/a HOMEADVISOR POWERED BY ANGI .

Docket No. 9407
Public version

COMPLAINT

The Federal Trade Commission, having reason to believe that HomeAdvisor Inc., a corporation, has violated the provisions of the Federal Trade Commission Act, and it appearing to the Commission that this proceeding is in the public interest, alleges:

1. Respondent HomeAdvisor Inc. (HomeAdvisor), also doing business as Angi Leads, also doing business as HomeAdvisor Powered by Angi, is a Delaware corporation with its principal offices or places of business at 601 Walnut Street, Denver, Colorado 80205 and 14023 Denver West Parkway, Golden, Colorado 80401
2. HomeAdvisor has marketed, advertised, offered for sale, and sold products to home service providers, including leads, HomeAdvisor membership, and mHelpDesk.
3. The acts and practices of HomeAdvisor alleged in this complaint have been in or affecting commerce, as commerce is defined in Section 4 of the Federal Trade Commission Act.

Summary of the Matter

4. HomeAdvisor collects information about potential customers for home services like kitchen remodels or lawn care, and sells that information to service providers network, such as general contractors and gardeners, as leads.

5. HomeAdvisor recruits service providers primarily small businesses, through marketing materials and sales agents who call service providers and attempt to persuade them to join HomeAdvisor. HomeAdvisor charges service providers an annual membership fee of \$287.99 in addition to paying for each lead which can range from \$100 to \$200.

6. Since at least July 2014, HomeAdvisor through its sales agents and marketing materials has made representations to service providers about the quality, characteristics, and source of its leads. HomeAdvisor represents that its leads concern people who intend to hire a service provider soon, even though many of them do not. HomeAdvisor represents that service providers will only receive leads that match the types of services they provide and their geographic preferences, even though many service providers receive leads that do not match the types of services they provide or their geographic preferences. HomeAdvisor represents that its leads concern people who knowingly sought assistance in selecting a service provider, even though many of the HomeAdvisor sells are purchased from third parties who collect information from potential customers without first revealing their affiliation with HomeAdvisor. In addition, HomeAdvisor represents to service providers that its leads convert into jobs at rates well above what HomeAdvisor can substantiate.

7. HomeAdvisor offers service providers an optional one-month subscription to a field service software, mHelpDesk, which assists service providers with tasks like scheduling appointments and processing payments. Whereas HomeAdvisor has represented to service providers that the first month of mHelpDesk subscription is free with an annual membership, in fact, the first month of the subscription increases the cost of the annual membership by \$59.99.

8. HomeAdvisor charges service providers an annual membership fee, followed by additional fees for each lead they receive. Service providers, already busy with the demands of running small businesses, expend pre time following up on leads that are not of the quality HomeAdvisor promises, and still more time seeking, often unsuccessfully, credits and refunds from HomeAdvisor for such leads.

project and provide contact information. A visitor can also browse a directory of service
SURYLGHUV RQ +RPH\$GYLVRU¶V ZHEVLWH

11. Using the information visitors submit to its website, HomeAdvisor sells a variety of lead
W\SHV WR VHUYLFH SURYLGHUV LQFOXGLQJ ³ 0³D Q M W V Q W W F
%RRNLQJ /HDGV ´

12. ■■■ of the leads HomeAdvisor sells to service providers are Market Match Leads.

recourse is to request a credit to her HomeAdvisor account for the cost of the lead in question. If HomeAdvisor grants the credit request, HomeAdvisor then applies the credit against the cost of future leads. HomeAdvisor does not generally provide refunds for leads.

22. Service providers can submit lead credit requests by speaking with a HomeAdvisor representative. Service providers can also submit lead credit requests online via their HomeAdvisor account. To submit a lead credit request, a service provider must provide the reason the service provider thinks a credit is appropriate. HomeAdvisor grants lead credit requests at its discretion based on

Since July 2014, HomeAdvisor has denied more than [REDACTED] lead credit requests, approximately [REDACTED] percent of those submitted

+RPH\$GYLVRU¶V 0LVUHSUHVVHQWDLRQV \$ERXW

23.



Illustration 3: email marketing sent to prospective service provider members

31. [REDACTED] service providers do not concern people who intend to hire a service provide [REDACTED]

[REDACTED]

32. Indeed, HomeAdvisor sells information to service providers as leads even when internet users affirmatively indicate that they do not intend to hire a service provider soon. For example, one of the questions that a user typically must answer about a home project is whether its status [REDACTED] typically must answer is how soon they would like the project completed [REDACTED] and many of the leads that HomeAdvisor sells to service providers concern people who described their project [REDACTED]

33. [REDACTED]

34. [REDACTED]

Misrepresentations About Leads Matching Types of Work and Geographic Preferences

35. , Q Q X P H U R X V L Q V W D Q F H V + R P H \$ G Y L V R U ¶ V W D O H V D J H Q W V leads they will receive concern home services projects that match the type of work and geographic preferences that service providers express to HomeAdvisor. For example, in sales F D O O V + R P H \$ G Y L V R U ¶ V V D O H V D J H Q W V K D Y H G H V F U L E H G W

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|------------|
| [REDACTED] |
| [REDACTED] |
| [REDACTED] |
| [REDACTED] |
| [REDACTED] |

36. Indeed, s d J L S W V X V H G E \ + R P H \$ G Y L V R U V D O H V D J H Q W V G H V follows:

[REDACTED]

(emphasis original)

37.

40. [REDACTED]

41. [REDACTED]

Misrepresentations About Lead Source

42. +RPH\$GYLVRU¶V VDOHV DJHQWV DOVR KDYH IUHTXHQW
+RPH\$GYLVRU¶V UOHSORV SORIQZFKR NQRZLQJO\ VRXJKW +RPH\$G
VHOHFWLQJ D VHUYLFH SURYLGHU)RMDHQE P SDJHH QLWQ V KDOYH
GHVFULEHG WKH VRXUFH RI +RPH\$GYLVRU¶V OHDGV DV IRO

| |
|------------|
| [REDACTED] |
| [REDACTED] |
| [REDACTED] |
| [REDACTED] |
| [REDACTED] |
| [REDACTED] |
| [REDACTED] |
| [REDACTED] |

43. ,QGHHG VFULSWV XVHG E\ +RPH [REDACTED] OHV DJH
[REDACTED]

44. +RPH\$GYLVRU¶V PDUNHWLQJ PDWHULDOV KDYH DOVR U
concern people who knowingly sought HomeAdvisor¶V DVVLVWDQFH LQ VHOHFWL
+RPH\$GYLV Reliasize Zillow Market Match HDGV DV IROORZ +RPH¶V VXP
HomeAdvisor.com and give us detailed info DERXW WKHLU SURMHFW

Market Match



Illustration 6: previously available at <https://www.homeadvisor.com/rfs/enroll/spostenrollleadsdetails>

45. , Q I D F W F R Q W U D U U W S U H R P [REDACTED] G B W L R Q T V

Misrepresentations About the Rates at Which Loans Convert into Jobs

48.

59. \$IWHU +RPH\$GYLVRU↑V VDPORQWDXJRQW+HIOEYHHV DGVRI G HDU

Count II
Misrepresentations About the Rates at which Leads Convert into Jobs

64. In numerous instances in connection with the advertising, marketing, promotion, offering for sale, or sale of leads,

If you elect not to contest the allegations of fact set forth in the Complaint, the answer should consist of a statement that you admit all of the material facts to be true. Such an answer will constitute a waiver of hearings as to the facts alleged in the Complaint and, together with the Complaint, will provide a record basis on which the Commission may issue a final decision containing appropriate findings and conclusions and a final order disposing of the proceeding. In such answer, you may, however, reserve the right to submit proposed findings of fact and conclusions of law under FTC Rule § 3.46.

Failure to answer timely will be deemed to constitute a waiver of your right to appear and contest the allegations of the Complaint. It will also authorize the Commission, without further notice to you, to find the facts to be as alleged in the Complaint and to enter a final decision on the matter.

- a. A prohibition on misrepresentation including false or unsubstantiated claims in connection with the promoting, advertising, marketing, offering for sale, or selling any product or service.
- b. A requirement that, for a period of time, Respondent must send acknowledgments of the order to the Commission.
- c. A requirement that, for a period of time, Respondent must create and retain certain business records.
- d. A requirement that, for a period of time, Respondent must provide prior notice to the Commission of all new business activity.
- e. A requirement that, for a period of time, Respondent must submit compliance reports to the Commission.
- f. Provisions to enable the Commission to monitor Respondent's compliance with the order.
- g. \$Q\ RWKHU UHOLHI DSSURSULDWH WR FRUUHFW RU UII deceptive practices or any or all of the conduct alleged in the complaint.

THEREFORE, the Federal Trade Commission this 1st day