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Consumers have long expressed concerns to the FTC about the prevalence of junk fees across a range of industries, and the FTC has employed a variety of tools to understand and address them. The FTC has engaged in a number of enforcement actions against companies that the FTC alleged charged unfair or deceptive junk fees in violation of Section 5 of the FTC Act, 15 U.S.C. § 45(a),<sup>1</sup> and other statutes that the FTC has the authority to enforce.<sup>2</sup> For example, the Commission took action [against Vonage](#), an internet phone service provider, requiring the company to pay \$100 million in refunds to consumers that were allegedly trapped into subscriptions and hit with surprise early termination fees.<sup>3</sup> The Commission also took action against [Passport Automotive Group](#) and its top executives for allegedly tacking hundreds to thousands of dollars in illegal junk fees onto car prices and discriminating against Black and Latino consumers with higher financing costs.<sup>4</sup> In the summer of 2022, the FTC took action against [healthcare company Benefytt Technologies](#) for allegedly selling sham insurance and charging people with exorbitant junk fees for unwanted add-ons without their permission.<sup>5</sup> The company was required to pay \$100 million in refunds.<sup>6</sup>

### ***Research and Outreach***

Prior to and alongside its enforcement efforts, the FTC sought comments about and analyzed junk fees through workshops and reports. In 2012, the FTC hosted a [workshop on drip pricing](#), a pricing technique in which firms advertise only part of a product’s price and reveal other charges later as the customer goes through the buying process.<sup>7</sup> In 2017, the FTC published a [report](#) analyzing the costs and benefits of disclosing resort fees, which are per-room, per-night, mandatory fees charged by some hotels.<sup>8</sup> The report concluded that “separating mandatory resort fees from posted room rates without first disclosing the total price is likely to harm consumers by increasing the search costs and cognitive costs of finding and choosing hotel accommodations” and that it was “unlikely to result in benefits that offset the likely

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<sup>1</sup> Section 5 of the FTC Act prohibits unfair or deceptive aairc( A)5.1 (cT2 (e)16.3 (pt) (r)1.6 ( o)12 (r)1.7 ( de)4.2 (c)4. (he)4.2 ( F)7.7 (T)2

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harm to consumers.”<sup>9</sup>

In 2019, the FTC hosted a workshop that featured a panel on pricing and fee issues in the market for live-event tickets and issued a corresponding staff [report](#).<sup>10</sup> The workshop revealed that market participants believed they could not correct course without regulatory intervention. For example, after a market leader took unilateral action to phase out hidden fees, the platform “lost significant market share and abandoned the policy after a year because consumers perceived the platform’s advertised prices to be higher than its competitors’ displayed prices.”<sup>11</sup> Ticket sellers who participated in the workshop that did not provide upfront all-in pricing “favored requiring all-in pricing through federal legislation or rulemaking.”<sup>12</sup>

### ***Proposed Rulemaking***

In October 2022, the FTC issued an [advance notice of proposed rulemaking](#) (“ANPR”) seeking public comment on a potential rule to address junk fees proliferating throughout the economy. The ANPR sought public comment on the prevalence of junk fees, the unfair or deceptive tactics companies use to impose them, the harms caused by junk fees, and whether a new rule would better protect consumers. Consumers and industry members demonstrated strong interest in the questions posed by the ANPR: the FTC received 12,046 comments in response, which overwhelmingly expressed frustration with unexplained mandatory fees.

Many ANPR comments raised concerns that sellers fail to disclose the total amount consumers will pay, misrepresent the amount, and only disclose fees after consumers have expended time in the purchasing transaction. Many comments also stated that sellers do not adequately disclose or misrepresent the nature or purpose of fees, using vague names for fees or using fees as a profit generator instead of providing consumers with services. The comments related to a wide range of goods and services, such as ticket sales, hotels, vacation rentals, apartment rentals, tax preparation services, restaurants, delivery services, utilities, telephone, internet, and cable services, and auto sales.

More recently, in October 2023, the FTC announced a [notice of proposed rulemaking](#) (“NPRM”) and sought public comment on a proposed rule. The proposed rule seeks to ban hidden fees by prohibiting businesses from advertising prices that hide or leave out mandatory fees. The proposed rule would also prohibit sellers from misrepresenting fees and require certain disclosures about the nature and purpose of fees. The FTC received more than 60,000 [comments on the NPRM](#), and FTC staff is currently analyzing the comments to determine the appropriate next steps.

Thank you for the opportunity to provide information about the FTC’s efforts to address junk fees at the federal level. I hope that the FTC’s work provides useful insight as you consider legislation addressing junk fees in Illinois. To the extent the Federal Trade Commission can provide assistance with these inquiries, please do not hesitate to contact me.

Very truly yours,



Samuel Levine  
Director, Bureau of Consumer Protection  
Federal Trade Commission

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<sup>9</sup> *Id.* at 36–37.

<sup>10</sup> Fed. Trade Comm’n, “*That’s the Ticket*” Workshop: Staff Perspective, 4 (May 2020).

<sup>11</sup> *Id.*

<sup>12</sup> *Id.*

cc: The Honorable J.B. Pritzker, Governor, State of Illinois