



Office of the Chair

UNITED STATES OF AMERICA  
Federal Trade Commission  
WASHINGTON, D.C. 20580

**Statement of Chair Lina M. Khan  
Regarding the Trade Regulation Rule on Unfair or Deceptive Fees  
Commission File No. R207011**

**December 17, 2024**

Today the Commission finalized a bipartisan rule that prohibits junk fees in the short-term lodging and live-event ticketing industries.<sup>1</sup> The final rule follows an initiative the Commission launched in 2022 to address unnecessary, unavoidable, or surprise charges that inflate costs while adding little to no value.<sup>2</sup> The Commission's proposed rule in 2023 elicited over 60,000 public comments, with people recounting their experience navigating junk fees in areas ranging from residential leasing and car rentals to carpet cleaners and payday lending.<sup>3</sup> Those comments overwhelmingly supported the use of our rulemaking authority to combat unfair and deceptive fees<sup>4</sup> and provided further evidence that junk fees inflate costs, waste consumers' time, hinder comparison shopping, and place honest businesses at a competitive disadvantage. In practice, the final rule means that firms deploying bait-and-switch pricing tactics when selling concert tickets or hotel rooms will be subject to civil penalties and the Commission will be able to return money to harmed customers.

This rulemaking is one piece of a broader Commission effort to combat junk fees. In the last three years, the Commission has taken enforcement action against unfair and deceptive fees at a staggering pace—securing hundreds of millions of dollars in relief for Americans who were

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<sup>1</sup> Bipartisan leaders in Congress have advanced legislation that would prohibit junk fees in these same two industries, which demonstrates the broad base of support for the Commission's work to protect consumers. TICKET Act, S.1160, 118th Cong. (2023),

Transparency Act, S.2498, 118th Cong. (2023-2024), <https://www.congress.gov/bill/118th-congress/senate-bill/2498/text>; Stop Online Booking Scams Act S.2229, 116th Cong. (2019), <https://www.congress.gov/bill/116th-congress/senate-bill/2229/text>; No Hidden FEES Act, H.R.6543, 118th Cong. (2023), <https://www.congress.gov/bill/118th-congress/house-bill/6543>.

<sup>2</sup> Press Release, Fed. Trade Comm'n, Federal Trade Commission Explores Rule Cracking Down on Junk Fees (Oct. 20, 2022), <https://www.ftc.gov/news-events/news/press-releases/2022/10/federal-trade-commission-explores-rule-cracking-down-junk-fees>.

<sup>3</sup> Rule on Unfair or Deceptive Fees, 16 C.F.R. § 464 at 12.

<sup>4</sup> . at 12-14.

saddled with junk fees.<sup>5</sup> The Commission's law enforcement actions have spanned a broad swath of the economy, touching on everyday expenses in areas like personal finances,<sup>6</sup> phone services,<sup>7</sup> healthcare,<sup>8</sup> automobiles,<sup>9</sup> housing,<sup>10</sup> and funeral services.<sup>11</sup>

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<sup>5</sup> , Press Release, Fed. Trade Comm'n, FTC Takes Action Against Invitation Homes

Given that junk fees have been a particular pain point for people when buying a car, the Commission separately promulgated the Combating Auto Retail Scams (CARS) Rule to prohibit auto dealers from imposing hidden junk fees or surprise charges buried in lengthy contracts that consumers never agreed to pay.<sup>12</sup> And in light of reports that franchisees were facing a proliferation of undisclosed fees, the FTC issued guidance making clear that franchisors charging junk fees may be violating the law.<sup>13</sup> Senior FTC leaders have also shared their expertise with state and local policymakers considering bills that would mandate honest pricing and put a stop to junk fees.<sup>14</sup>

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<sup>8</sup> Press Release, Fed. Trade Comm'n, FTC Sends Nearly \$100 Million in Refunds to Consumers Harmed by Benefytt Technologies' Sham Health Plans (Mar. 18, 2024), <https://www.ftc.gov/news-events/news/press-releases/2024/03/ftc-sends-nearly-100-million-refunds-consumers-harmed-benefytt-technologies-sham-health-plans>.

<sup>9</sup> , Press Release, Fed. Trade Comm'n, FTC and Wisconsin Take Action Against Rhinelander Auto Center for Illegally Discriminating Against American Indian Customers and Charging Unlawful Junk Fees (Oct. 24, 2023), <https://www.ftc.gov/news-events/news/press-releases/2023/10/ftc-wisconsin-take-action-against-rhinelander-auto-center-illegally-discriminating-against-american>; Press Release, Fed. Trade Comm'n, FTC Takes Action Against

Auto Dealer Group Asbury Automotive for Discriminating Against Black and Latino Consumers and Charging for

Unwanted Add-Ons (Aug. 16, 2024), <https://www.ftc.gov/news-events/news/press-releases/2024/08/ftc-takes-action-against-auto-dealer-group-asbury-automotive-discriminating-against-black-latino>; Press Release, Fed. Trade

Comm'n, FTC, State of Arizona Take Action Against Coulter Motor Company for Deceptive Pricing and Discriminatory Practices (Aug. 15, 2024), <https://www.ftc.gov/news-events/news/press-releases/2024/08/ftc-arizona-take-action-against-coulter-motor-company>.

