

# FTC Finalizes New Rule Cracking Down On 'Junk Fees'

By **Lauren Berg**

Law360 (December 17, 2024, 9:57 PM EST) -- The Federal Trade Commission on Tuesday announced it has finalized a bipartisan rule barring businesses in the event ticketing and lodging industries from using bait-and-switch pricing and other tactics to sneakily foist so-called junk fees on consumers.

Under the Junk Fees Rule, consumers searching for hotels or seats at a concert or sporting event will no longer be hit with surprise "resort," "convenience" or "service" fees that inflate the advertised price, according to the FTC's statement.

"People deserve to know up-front what they're being asked to pay — without worrying that they'll later be saddled with mysterious fees that they haven't budgeted for and can't avoid," FTC Chair Lina M. Khan said in a statement Tuesday.

"The FTC's rule will put an end to junk fees around live event tickets, hotels and vacation rentals, saving Americans billions of dollars and millions of hours in wasted time," Khan said. "I urge enforcers to continue cracking down on these unlawful fees, and encourage state and federal policymakers to build on this success with legislation that bans unfair and deceptive junk fees across the economy."

The commission said it began looking into the issue in 2022 and received more than 12,000 public comments on how hidden and misleading fees affect consumer spending and competition among businesses. The FTC then announced a **proposed rule** in October 2023 and received an additional 60,000 comments that it considered while developing the final rule announced Tuesday, according to the statement.

The commission says it estimates that the rule "will save consumers up to 53 million hours per year of wasted time spent searching for the total price for live-event tickets and short-term lodging."

According to the statement, the rule does not prohibit any type or amount of fee, nor does it bar any kind of pricing strategies. Instead, it simply requires that businesses that advertise their pricing tell consumers the entire price — including all fees — up front, the FTC says.

The FTC's new rule is part of the government's move to follow through on President Joe Biden's mission to crack down on hidden and misleading charges applied to tickets and other purchases.

At the same time the FTC announced the proposed rule last October, the Consumer Financial Protection Bureau said it would issue guidance for large banks and credit unions to provide basic information — which includes information related to account balances, the payoff amount for a loan or other account information — to customers without charging fees.

Those announcements followed **landmark legislation** signed by California Gov. Gavin Newsom banning junk fees and requiring companies to disclose all essential charges up front to consumers. The measure took effect in July.

--Additional reporting by Katryna Perera and Gina Kim. Editing by Alanna Weissman.