



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.¹ 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.² 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.³ Those comments overwhelmingly supported the use of our rulemaking authority to combat unfair and deceptive fees⁴ 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

¹ 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. *See, e.g.* TICKET Act, S.1160, 118th Cong. (2023), <https://www.congress.gov/bill/118th-congress/senate-bill/1303/text>; Fans First Act, S.3457, 118th Cong. (2023), <https://www.congress.gov/bill/118th-congress/senate-bill/3457>; Hotel Fees 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>.

² 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>.

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

⁴ *Id.* at 12-14.

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

⁵ See, e.g., Press Release, Fed. Trade Comm’n, FTC Takes Action Against Invitation Homes for Deceiving Renters, Charging Junk Fees, Withholding Security Deposits, and Employing Unfair Eviction Practices (Sept. 24, 2024), <https://www.ftc.gov/news-events/news/press-releases/2024/09/ftc-takes-action-against-invitation-homes-deceiving-renters-charging-junk-fees-withholding-security> (\$48 million in refunds); Press Release, Fed. Trade Comm’n, FTC Action Against Vonage Results in \$100 Million to Customers Trapped by Illegal Dark Patterns and Junk Fees When Trying to Cancel Service (Nov. 3, 2022), <https://www.ftc.gov/news-events/news/press-releases/2022/11/ftc-action-against-vonage-results-100-million-customers-trapped-illegal-dark-patterns-junk-fees-when-trying-cancel-service>; Press Release, Fed. Trade Comm’n, FTC Action Leads to \$18 Million in Refunds for Brigit Consumers Harmed by Deceptive Promises About Cash Advances, Hidden Fees, and Blocked Cancellation (Nov. 2, 2023), <https://www.ftc.gov/news-events/news/press-releases/2023/11/ftc-action-leads-18-million-refunds-brigit-consumers-harmed-deceptive-promises-about-cash-advances>; 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-benytt-technologies-sham-health-plans>; Press Release, Fed. Trade Comm’n, FTC Takes Action Against Multistate Auto Dealer Napleton for Sneaking Illegal Junk Fees onto Bills and Discriminating Against Black Consumers (Apr. 1, 2022), <https://www.ftc.gov/news-events/news/press-releases/2022/04/ftc-takes-action-against-multistate-auto-dealer-napleton-sneaking-illegal-junk-fees-bills>.

⁶ See, e.g., Press Release, Fed. Trade Comm’n, FTC Takes Action Against Online Cash Advance App Dave for Deceiving Consumers, Charging Undisclosed Fees (Nov. 5, 2024), <https://www.ftc.gov/news-events/news/press-releases/2024/11/ftc-takes-action-against-online-cash-advance-app-dave-deceiving-consumers-charging-undisclosed-fees> (cash advances); Press Release, Fed. Trade Comm’n, FTC Action Leads to \$18 Million in Refunds for Brigit Consumers Harmed by Deceptive Promises About Cash Advances, Hidden Fees, and Blocked Cancellation (Nov. 2, 2023), <https://www.ftc.gov/news-events/news/press-releases/2023/11/ftc-action-leads-18-million-refunds-brigit-consumers-harmed-deceptive-promises-about-cash-advances>; Press Release, Fed. Trade Comm’n, FTC Acts to Stop Debt Relief Scheme Targeting Spanish-Speaking Student Loan Borrowers (July 22, 2024), <https://www.ftc.gov/news-events/news/press-releases/2024/07/ftc-acts-stop-debt-relief-scheme-targeting-spanish-speaking-student-loan-borrowers>; Press Release, Fed. Trade Comm’n, FTC Acts to Stop Student Loan Debt Relief Scheme that Took Millions from Consumers in First Case under the Impersonation Rule (June 28, 2024), <https://www.ftc.gov/news-events/news/press-releases/2024/06/ftc-acts-stop-student-loan-debt-relief-scheme-took-millions-consumers-first-case-under-impersonation>; Press Release, Fed. Trade Comm’n, FTC Action Leads to Permanent Ban for Scammers Who Charged Students Seeking Debt Relief with Junk Fees (Feb. 6, 2024), <https://www.ftc.gov/news-events/news/press-releases/2024/02/ftc-action-leads-permanent-ban-scammers-who-charged-students-seeking-debt-relief-junk-fees>; Press Release, Fed. Trade Comm’n, Student Loan Debt Relief Scammers Permanently Banned from Industry, Ordered to Turn Over Assets under Proposed Order (Oct. 6, 2023), <https://www.ftc.gov/news-events/news/press-releases/2023/10/student-loan-debt-relief-scammers-permanently-banned-industry-ordered-turn-over-assets-under>; Press Release, Fed. Trade Comm’n, Student Loan Debt Relief Scammers Permanently Banned from Industry, Ordered to Turn Over Assets under Proposed Order (Oct. 6, 2023), <https://www.ftc.gov/news-events/news/press-releases/2023/10/student-loan-debt-relief-scammers-permanently-banned-industry-ordered-turn-over-assets-under>; Press Release, Fed. Trade Comm’n, FTC Lawsuit Leads to Permanent Ban from Debt Relief, Telemarketing for Operators of Debt Relief Scam (May 1, 2023), <https://www.ftc.gov/news-events/news/press-releases/2023/05/ftc-lawsuit-leads-permanent-ban-debt-relief-telemarketing-operators-debt-relief-scam> (credit card debt relief); Press Release, Fed. Trade Comm’n, FTC Shuts Down Credit Repair Pyramid Scheme Financial Education Services, Which Bilked More Than \$213 Million from Consumers (May 31, 2022), <https://www.ftc.gov/news-events/news/press-releases/2022/05/ftc-shuts-down-credit-repair-pyramid-scheme-financial-education-services-which-bilked-more-213>.

⁷ Press Release, Fed. Trade Comm’n, FTC Action Against Vonage Results in \$100 Million to Customers Trapped by Illegal Dark Patterns and Junk Fees When Trying to Cancel Service (Nov. 3, 2022), <https://www.ftc.gov/news-events/news/press-releases/2022/11/ftc-action-against-vonage-results-100-million-customers-trapped-illegal-dark-patterns-junk-fees-when-trying-cancel-service>.

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.¹² 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.¹³ 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.¹⁴

⁸ 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>.

⁹ See, e.g., 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-state-arizona-take-action-against-coulter-motor-company-deceptive-pricing-discriminatory>; Press Release, Fed. Trade Comm'n, FTC, Connecticut Take Action Against Manchester City Nissan for Deceiving Consumers, Forcing Junk Fees (Jan. 4, 2024), <https://www.ftc.gov/news-events/news/press-releases/2024/01/ftc-connecticut-take-action-against-manchester-city-nissan-deceiving-consumers-forcing-junk-fees>; Press Release, Fed. Trade Comm'n, FTC Takes Action Against Multistate Auto Dealer Napleton for Sneaking Illegal Junk Fees onto Bills and Discriminating Against Black Consumers (Apr. 1, 2022), <https://www.ftc.gov/news-events/news/press-releases/2022/04/ftc-takes-action-against-multistate-auto-dealer-napleton-sneaking-illegal-junk-fees-bills>; Press Release, Fed. Trade Comm'n, Federal Trade Commission Takes Action Against Passport Automotive Group for Illegally Charging Junk Fees and Discriminating Against Black and Latino Customers (Oct. 18, 2022), <https://www.ftc.gov/news-events/news/press-releases/2022/10/federal-trade-commission-takes-action-against-passport-automotive-group-illegally-charging-junk-fees>.

¹⁰ Press Release, Fed. Trade Comm'n, Invitation Homes for Deceiving Renters, Charging Junk Fees, Withholding Security Deposits, and Employing Unfair Eviction Practices (Sept. 24, 2024), <https://www.ftc.gov/news-events/news/press-releases/2024/09/ftc-takes-action-against-invitation-homes-deceiving-renters-charging-junk-fees-withholding-security>.

¹¹ Press Release, Fed. Trade Comm'n, FTC Action Leads to Civil Penalties, Strict Requirements for Funeral and Cremation Provider That Withheld Remains from Loved Ones to Extract Payment (Apr. 7, 2023), <https://www.ftc.gov/news-events/news/press-releases/2023/04/ftc-action-leads-civil-penalties-strict-requirements-funeral-cremation-provider-withheld-remains>.

¹² Press Release, Fed. Trade Comm'n, FTC Announces CARS Rule to Fight Scams in Vehicle Shopping (Dec. 12, 2023), <https://www.ftc.gov/news-events/news/press-releases/2023/12/ftc-announces-cars-rule-fight-scams-vehicle-shopping>.

¹³ Press Release, Fed. Trade Comm'n, FTC Takes Action to Ensure Franchisees' Complaints are Heard and to Protect Against Illegal Fees (July 12, 2024), <https://www.ftc.gov/news-events/news/press-releases/2024/07/ftc-takes-action-ensure-franchisees-complaints-are-heard-protect-against-illegal-fees>.

¹⁴ See, e.g., Letter from Samuel Levine, Fed. Trade Comm'n, to Calif. Gov. Gavin Newsom (Sept. 4, 2024), <https://www.ftc.gov/legal-library/browse/advocacy-filings/letter-sam-levine-director-bureau-consumer-protection-california-governor-gavin-newsom-regarding>; Letter from Samuel Levine, Fed. Trade Comm'n, to Alaska Legislators (Mar. 18, 2024), <https://www.ftc.gov/legal-library/browse/advocacy-filings/samuel-levine-letter-alaska-legislators-junk-fees>; Letter from Samuel Levine, Fed. Trade Comm'n, to Colorado Legislators (Mar. 18, 2024), <https://www.ftc.gov/legal-library/browse/advocacy-filings/samuel-levine-letter-colorado-legislators-junk-fees>; Letter from Samuel Levine, Fed. Trade Comm'n, to Connecticut Legislators (Mar. 18, 2024), <https://www.ftc.gov/legal->

The final rule will save Americans more than \$11 billion over the next decade and over 53 million hours in time.¹⁵ Yet fully protecting the public from these unlawful pricing practices will require more work. Both the public comments and the FTC’s own enforcement experience highlight that junk fees are pervasive across sectors, including in areas like housing—where renters can be on the hook for thousands of dollars more per month than the sum they thought they’d be paying.¹⁶ People budgeting for every-day necessities do not deserve the stress of wondering whether the price they see is honest. And honest businesses should not be punished for abiding by the law.

Importantly, unfair or deceptive fees in sectors that fall outside the purview of this rule can still violate state and federal laws. And both state and federal legislators have introduced a variety of bills to combat junk fees in various corners of the economy, including housing.¹⁷ I urge policymakers to continue building on the FTC’s success in challenging junk fees and to guarantee more sweeping protections across the economy. People deserve to know up front what they’re being asked to pay—without the endless worry that they’ll later be saddled with mysterious fees that they haven’t budgeted for and can’t avoid.

I am grateful to the cross-agency team for its steadfast work on this rule. Many thanks to the Bureau of Consumer Protection’s Division of Advertising Practices, the Bureau of Economics, and the Office of General Counsel for their efforts to protect Americans from unfair and deceptive fees.

[library/browse/advocacy-filings/samuel-levine-letter-connecticut-legislators-junk-fees](https://www.ftc.gov/legal-library/browse/advocacy-filings/samuel-levine-letter-connecticut-legislators-junk-fees); Letter from Samuel Levine, Fed. Trade Comm’n, to North Carolina Legislators (Mar. 18, 2024), <https://www.ftc.gov/legal-library/browse/advocacy-filings/samuel-levine-letter-north-carolina-legislators-junk-fees>; Letter from Samuel Levine, Fed. Trade Comm’n, to Rhode Island Legislators (Mar. 18, 2024), <https://www.ftc.gov/legal-library/browse/advocacy-filings/samuel-levine-letter-rhode-island-legislators-junk-fees>; Letter from Samuel Levine, Fed. Trade Comm’n, to Arizona Legislators (Mar. 14, 2024), <https://www.ftc.gov/legal-library/browse/advocacy-filings/samuel-levine-letter-arizona-house-representatives-junk-fees>; Letter from Samuel Levine, Fed. Trade Comm’n, to Hawaii Legislators (Mar. 14, 2024), <https://www.ftc.gov/legal-library/browse/advocacy-filings/samuel-levine-letter-hawaii-house-representatives-junk-fees>; Letter from Samuel Levine, Fed. Trade Comm’n, to Illinois Legislators (Mar. 8, 2024), <https://www.ftc.gov/legal-library/browse/advocacy-filings/samuel-levine-letter-illinois-legislature-junk-fees>; Letter from Samuel Levine, Fed. Trade Comm’n, to Minnesota Legislators (Mar. 8, 2024), <https://www.ftc.gov/legal-library/browse/advocacy-filings/samuel-levine-letter-minnesota-legislature-junk-fees>; Letter from Samuel Levine, Fed. Trade Comm’n, to New York Legislators (Feb. 29, 2024), <https://www.ftc.gov/legal-library/browse/advocacy-filings/samuel-levine-letter-new-york-senate-junk-fees>; Letter from Samuel Levine, Fed. Trade Comm’n, to Virginia Legislators (Feb. 29, 2024), <https://www.ftc.gov/legal-library/browse/advocacy-filings/samuel-levine-letter-virginia-legislature-junk-fees>.

¹⁵ Rule on Unfair or Deceptive Fees, *supra* note 3, at 198, 229-230, 245, 257-258.

¹⁶ Press Release, Fed. Trade Comm’n, FTC Takes Action Against Invitation Homes for Deceiving Renters, Charging Junk Fees, Withholding Security Deposits, and Employing Unfair Eviction Practices (Sept. 24, 2024), <https://www.ftc.gov/news-events/news/press-releases/2024/09/ftc-takes-action-against-invitation-homes-deceiving-renters-charging-junk-fees-withholding-security>

¹⁷ See, e.g., End Junk Fees for Renters Act, H.R.4907, 118th Cong. (2023), <https://frost.house.gov/media/press-releases/congressman-maxwell-frost-introduces-pro-renters-bill-end-junk-fees>