Before the
FEDERAL TRADE COMMISSION
Washington, DC 20554

Advance Notice of Proposed Rulemaking
Unfair or Deceptive Fees Trade Regulation Rulemaking
16 CFR Part 464, Federal Register No. 2022-24326

Comments of Consumer Reports
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I. INTRODUCTION

Consumer Reports (CR)[1] appreciates this opportunity to comment on the Federal Trade Commission's (FTC) Advance Notice of Proposed Rulemaking (ANPR) addressing unfair and deceptive practices relating to fees. We strongly support the FTC's work to address unnecessary, surprise and unavoidable fees that are charged for goods or services that inflate and distort costs, and often have little or no added value to the consumer. We especially appreciate the FTC's efforts to prevent unfair "drip pricing" that makes it difficult to impossible for consumers to adequately compare prices for goods and services.

From Consumer Reports' survey research, and from the comments we have collected from consumers, we know that many consumers are surprised and dismayed by the increasing volume of fees charged by companies operating in major economic sectors such as travel (airlines, hotels, car rentals, etc.), telecommunications and utilities, financial services, automotive sales, and live entertainment and sporting events, just to name a few.

Consumers are disappointed both by the increasing frequency and range of fees charged, and also by the high cost of outsized or excessive fees that undermine the affordability, accessibility and usability of products and services. So called "junk fees" are not just a nuisance, they are also costly and hit low, moderate-income and working-class consumers especially hard.

In 2019, Consumer Reports published "Protect Yourself from Hidden Fees," which examined hidden fees for a variety of services in major sectors of the US economy.[2] The article cites CR's nationally representative survey of 2,057 adults conducted in 2018, which found that at least 85% of Americans have experienced a hidden or unexpected fee for a service in the previous two years, and 96% found them highly annoying.[3] More than two-thirds (69%) of consumers told us they had received a hidden fee from a telecommunications provider, while 44% said they had received a hidden fee for a live entertainment and sporting events, and 41% received a fee for a gas or electric bill. (See "A Nation of Fee

[1] Consumer Reports is an independent, nonprofit membership organization that works side by side with consumers to create a fairer, safer, and healthier world. Since 1936, CR has provided evidence-based product testing and ratings, rigorous research, hard-hitting investigative journalism, public education, and steadfast policy action on behalf of consumers' interests. Unconstrained by advertising, CR has exposed landmark public health and safety issues and strives to be a catalyst for pro-consumer changes in the marketplace. From championing responsible auto safety standards, to winning food and water protections, to enhancing healthcare quality, to fighting back against predatory lenders in the financial markets, Consumer Reports has always been on the front lines, raising the voices of consumers.

[2] Penelope Wang, "Protect Yourself from Hidden Fees", Consumer Reports, (May 29, 2019) (hereafter CR Hidden Fees Article) available at: https://www.consumerreports.org/fees-billing/protect-yourself-from-hidden-fees-a1096754265/

[3] *WTFee?! Survey, 2018 Nationally-Representative Multi-Mode Survey*, prepared by the Consumer Reports Survey Research Department (January 3, 2019) (hereafter CR WTF?! Survey) available at: https://advocacy.consumerreports.org/research/wtfeesurvey/. Attached as Appendix I.

Fighters, from *How to Spot Hidden Fees*, Consumer Reports, July 2019, attached as Appendix H.) Nearly two-thirds of those surveyed by CR said they were paying more now in surprise charges than they did five years ago. [4]

For a typical American family, these fees can pose a financial strain, adding up to thousands of dollars a year in extra costs. On a national level, data from a few industries alone show that the add-on charges are siphoning billions of dollars from American's wallets every year.

- ➢ In the case of airlines, the two main travel charges—baggage fees and reservation fees—accounted for nearly $6 billion of revenue in 2021, according to the Bureau of Transportation Statistics. [5]
- ➢ For banks, overdraft fees are a growing source of revenue, with the largest banks pulling in an additional $15 billion in 2019 from these fees, according to the Consumer Financial Protection Bureau. In addition, major credit card companies charged over $14 billion in late fees in 2019.[6]
- ➢ The hotel industry raked in a record $2.9 billion in resort fees and other fees and surcharges in 2018, according to Bjorn Hanson, Ph.D., a hotel consultant and clinical adjunct professor at the Jonathan M. Tisch Center for Hospitality at New York University.[7]
- ➢ Perhaps the worst offender for charging hidden junk fees is the cable television industry. According to a 2019 report by Consumer Reports, cable company-imposed fees add what amounts to a 24% surcharge on top of the advertised price. On average, the cable industry generates close to $450 per year per customer from company-imposed fees. CR estimates that cable companies are making an estimated $28 billion a year from charging company-imposed fees.[8]

Nearly six in 10 Americans told CR they typically research extra fees that might be added to the cost of their purchase PRIOR to making the transaction, while 19% say they don't spend any time researching fees, and 12% were unsure. Of those who researched the fee, 74% said they read the fine print of the purchase/service agreement, 71% did an online search, 46% talked with friends and family who have

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[4] *Id.*

[5] Bureau of Transportation Statistics, *2021 Annual and 4th Quarter Airline Financial Data*, 5/2/22 available at: https://www.bts.gov/newsroom/2021-annual-and-4th-quarter-us-airline-financial-data#:~:text=Pre%2Dtax%20operating%20profit%2Floss&text=Share%20of%20total%202021%20operating,compared%20to%203.7%25%20in%2020 20.

[6] Rohit Chopra, Consumer Financial Protection Bureau, *Prepared Remarks of CFPB Director Rohit Chopra on the Junk Fees RFI Press Call*, 5/22/22, available at: https://www.consumerfinance.gov/about-us/newsroom/prepared-remarks-of-cfpb-director-rohit-chopra-on-the-junk-fees-rfi-press-call/

[7] CR Hidden Fees Article.

[8] Jonathan Schwantes, *What the Fee? How Cable Companies Use Hidden Fees to Raise Prices and Disguise the True Cost of Service*, Consumer Reports, (October 2019) (hereafter CR Cable Bill Report), p.3, available at: https://advocacy.consumerreports.org/wp-content/uploads/2019/10/CR_WhatTheFeeReport_6F_sm-1.pdf

made similar purchases, and 35% called the company directly. Many consumers fought back against hidden fees by sharing information with friends, families and coworkers (47%), stopping or avoiding use of the service (46%), posting comments or reviews on social media (16%), complaining to the company, a government agency or the Better Business Bureau (14%), calling or writing to elected officials (4%) or signing a petition (4%).[10]

While consumers can theoretically take fees into account when making purchase decisions, it is often highly difficult to fully research and anticipate the wide range of fees that might be charged in the course of using a particular product or service. As long as fees are disclosed somewhere in the shopping process, consumers can, presumably, calculate their true costs. But in reality, add-on fees can be difficult to spot, requiring consumers to click through multiple web pages or scour fine print to get the information—a gradual reveal strategy that economists call drip pricing. So, even when consumers use sophisticated online comparison tools to compare airline, hotel or car rental prices, their search efforts are frequently frustrated or doomed to failure by such drip pricing techniques through which companies add fees in the back end of the transaction prior to checkout. In addition, companies present some fees as mandatory fees required or imposed by the government, when they are nothing of the kind.[9]

Further, a substantial number of Americans today—many of them juggling jobs and families—do not have the time, energy, or desire to research a potential $30 fee, according to Devin Fergus, professor of history, Black studies, and public affairs at the University of Missouri and author of "Land of the Fee" (Oxford University Press, 2018). [10] Based upon Consumer Reports' review of hidden fees in multiple sectors of the economy, consumers would greatly benefit from a comprehensive national rule to ban hidden and surprise junk fees, and improve the transparency and comparability of any truly optional add-on services.

At a recent meeting of President Biden's Competition Council, the Biden-Harris administration announced it would call for a Junk Fee Prevention Act (JFPA) to eliminate unfair and costly fees. The proposed bill would target four key areas: 1) preventing excessive fees for concert, sporting event and other live entertainment tickets, and requiring all fees to be disclosed in the ticket price; 2) banning airline fees for family members to sit with young children; 3) eliminating costly early termination fees for TV, phone and internet service; and 4) banning surprise resort and destination fees. The administration also announced a new proposed CFPB rule to sharply limit credit card fees, projecting that the rule would reduce typical late fees from roughly $30 to $8, saving consumers as much as $9 billion in late fees.[11]   Taken together, these proposed steps would have enormous benefits for consumers, and would be an excellent first step to curtail and prevent junk fees.

[9] CR Cable Bill Report at p.11.
[10] CR Hidden Fees Article.
[11] *Fact Sheet: President Biden Highlights New Progress on His Competition Agenda*, 2/01/23, available at: https://www.whitehouse.gov/briefing-room/statements-releases/2023/02/01/fact-sheet-president-biden-highlights-new-progress-on-his-competition-agenda/

Congressional action aside, the FTC has a critically important role to play to regulate junk fee practices, protect the public from unfair and deceptive business practices, promote consumer choice, and improve competition.

CR is pleased to join with other national consumer organizations in a joint comment letter filed by Erin Witte of Consumer Federation of America that provides a detailed economic, legal and policy rationale for the proposed junk fee rule, that expresses the strong position of the public interest community that federal action in this area is urgent and imperative. In this CR-authored comment, we seek to provide additional context for the proposed junk fee rulemaking, and to include real examples of how consumers are frustrated and harmed by unfair junk fees.

II. REVIEW OF JUNK FEES CHARGED IN SELECT MARKETPLACES

Consumer Reports has expressed concerns for years about the harmful impacts on consumers of drip pricing, the practice of hiding the total price of a purchase from the consumer by advertising a lower price that omits significant additional costs that will ultimately be added to the purchase. Drip pricing is a particularly pernicious form of the "bait and switch" tactic which is made even more potent with the growing use of online transactions. As the petition filed by the Institute for Policy Integrity discussed, consumers are not informed of the price they will be charged for a purchase until very late in the process, often at the final stage, after they have submitted personal data and made payment arrangements.[12] At a minimum, this imposes additional burdens on consumers' ability to comparison shop. But worse, it can lead unwary consumers to complete purchases at higher prices than they realize.

On behalf of the consumers for whom CR advocates, the FTC should do as much as possible across the entire economy to ban and prevent the imposition of hidden junk fees, and eliminate the unfair and deceptive practice of drip pricing. A strong economy-wide initiative could create marketplace standards and ethical norms that will have a beneficial impact for consumers and competition in all or most economic sectors. At the same time, it is critical that the FTC work in coordination with other federal agencies to squarely address the priority economic sectors where junk fees and drip pricing are undermining effective competition, and draining literally billions in household income each year. These include telecommunications; travel (airlines, hotels, and car rentals); banking and financial services; automotive sales and services; utilities; retail sales and e-commerce; and live entertainment and sporting events.

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[12] Federal Trade Commission Docket ID No. FTC-2021-0074; petition available at: https://www.federalregister.gov/documents/2021/12/27/2021-27435/petition-for-rulemaking-by-institute-for-policy-integrity

A. Telecommunications Fees

Junk fees in the telecommunications sector can be roughly separated into three categories: the cable television or pay-TV market; the broadband internet service market; and the traditional phone or voice market.

CR has extensively investigated fees charged in the first two, the results which were published in two studies. Released in 2019, the first report, "How Cable Companies Use Hidden Fees to Raise Prices and Disguise the True Cost of Service" examined the rise and cost of company-imposed fees like the "Broadcast TV Fee" and others charged by pay-TV providers, namely cable companies.[13] More recently in 2022, CR's comprehensive study of broadband pricing based on data extracted from more than 22,000 internet bills ("Broadband Pricing: What Consumer Reports Learned from 22,000 Bills) uncovered junks fees being charged consumers by some, but not all, internet service providers (ISPs).[14] We encourage the FTC to draw on both reports to further understand how junk fees operate in these telecommunications markets; a summary of our key findings follows below.

1. Junk Fees in the Pay-TV Market

Consumers of cable TV and internet service are facing a rise and proliferation of company-imposed fees that are buried in the fine print and aren't clearly disclosed. As opposed to taxes or charges for optional services, these fees are items added to a consumer's monthly bill for things that are nothing more than a cost of doing business. For example, the Broadcast TV Fee is a non-optional fee that cable companies claim helps recoup their cost of obtaining programming from broadcasters. However, providing local TV channels is one of the most basic services that a cable company offers to consumers, and is not an optional service.

CR's 2019 cable bill report exposed how the cable industry is using the practice of hidden, sneaky fees to disguise the true cost of cable service and increase revenue, and how much those fees (called company-imposed fees in the report, but operate the same as junk fees) are costing consumers. An analysis of nearly 800 cable bills collected from consumers across the country revealed that: company-imposed fees, from Broadcast TV and Regional Sports Fees to Set-Top Box Rental Fees, add what amounts to a 24% surcharge on top of the advertised price; on average, the cable industry

[13] CR Cable Bill Report.

[14] Jonathan Schwantes, *Broadband Pricing: What Consumer Reports Learned from 22,000 Bills*, Consumer Reports (November 17, 2022) (hereafter CR Broadband Pricing Report) available at: https://advocacy.consumerreports.org/wp-content/uploads/2022/11/FINAL.report-broadband.november-17-2022-2.pdf.

generates close to $450 per year per customer from company-imposed fees, helping explain why CR's survey found that nearly six in 10 (59%) Americans who encountered unexpected or hidden telecom fees in the past two years say the fees caused them to exceed their budgets; based on the total number of U.S. cable subscribers and our findings, cable companies could be making an estimated $28 billion a year from charging company-imposed fees; and the average cable bill contains more than a dozen line-item charges, including the base package price, company-imposed fees, regulatory fees, and taxes, creating a jumbled environment ripe for consumer confusion.[15]

The pay-TV industry has frustrated and disappointed consumers for years, and it's not surprising that companies across the telecommunications industry remain some of the lowest-rated service providers in Consumer Reports' (CR) annual member surveys.[16] A lack of strong, head-to-head competition in the cable marketplace has led to steady price increases that have far outpaced inflation for decades.[17] And notoriously poor customer service has added an additional layer of frustration.

And yet, in at least one important respect, the situation has recently gotten much worse: in the past decade, cable companies have begun to impose new fees for services previously included in the base rates that are typically quoted in advertisements. Unsurprisingly, consumers get frustrated and angry when they discover these company-imposed fees on their bills. A Consumer Reports nationally representative survey of 2,057 U.S. adults asked about add-on fees across many industries, and found that nearly seven in 10 (69%) Americans who have used a cable, internet, or phone service provider in the past two years reported encountering unexpected or hidden fees.[18] And nearly all—96%—of those who reported having encountered hidden or unexpected fees in an industry that we asked about said they find them annoying. Two-thirds—64%—called them "extremely" or "very" annoying.

The depth of that frustration reflects the insidious market effect of company-imposed fees: they enable cable companies to camouflage price increases, confounding consumer efforts to comparison shop and to maintain household budgets. This happens in at least two ways. First, the fees are often imposed or increased with little notice, and are often listed among a dizzying array of other charges, including government-imposed fees and taxes. Second, by passing along additional costs as "fees" and not building them into the core package price, cable companies are able to continue advertising relatively low base rates. Thus, they can generate more revenue each month with little pushback from their customers—including even those who are locked into fixed-price promotional offers.

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[15] CR Cable Bill Report (see Executive Summary).

[16] James Wilcox, *People Still Don't Like Their Cable Companies, CR's Latest Telecom Survey Finds*, Consumer Reports (August 8, 2018) available at: https://www.consumerreports.org/phone-tv-internet-bundles/peoplestill-dont-like-their-cable-companies-telecom-survey/.

[17] Meredith Whipple, *Why is America Overpaying for Cable?*, Public Knowledge (February 16, 2018), available at: https://publicknowledge.org/why-is-america-overpaying-for-cable/.

[18] CR WTF?! Survey.

The combined effect is stretching consumer pocketbooks to the breaking point. CR's survey found that the telecom industry (which includes cable companies) was the worst budget-buster of the ones we asked about. Nearly six in 10 (59%) Americans who encountered unexpected or hidden fees while using telecom services in the past two years say the fees caused them to exceed their budgets.[19]

The problem is growing worse and more expensive because the cost of company-imposed fees continues to escalate. For example, in 2015, the nation's largest cable company, Comcast Corporation, charged consumers a $1-a-month Regional Sports Fee and $1.50-a-month Broadcast TV Fee, for a total of $2.50 per month. Those two fees combined now cost Comcast customers $18.25 a month. That represents a more than 600% increase in four years. Similarly, Charter Communications raised the price of its Broadcast TV Surcharge three times in just the last year, meaning its Broadcast TV Surcharge now costs consumers $13.50 a month, a 50% increase of what that fee cost a year ago—and far more than the $1 it was when first introduced in 2010. To be sure, in the more than three years since CR's cable bill report was published, these fees have continue to increase, and total more than $20 according to recent media reports.[20]

How can the cable industry get away with doing this? Believe it or not, the practice is legal. But in order to charge fees in this manner, cable companies have a legal responsibility to disclose these fees without being deceptive. That is, they need to be transparent with consumers. However, the findings in this report suggest that cable companies fail to do so in a consistent manner. This report also documented confusing and inaccurate statements made by cable company representatives to CR researchers and consumers. For example, on more than one occasion, company-imposed fees were inaccurately described as government charges.

It is long past time for the practice of hidden fees to end when it comes to cable companies. Some combination of Congress or the FTC working with the Federal Communications Commission (FCC) must work together to rid junk fees from the pay-TV marketplace. The growing cost and consumer harm caused by those fees is documented in detail in the 2019 report. In light of those facts, policymakers should act to protect consumers and restore common sense to the monthly cable bill.

2. Junk Fees in the Broadband Internet Market

Though CR's 2019 cable bill report focused on excessive junk fees charged for pay-TV services, it also warned of the "disturbing new trend" of company-imposed fees being attached to internet service. We

[19] *Id.*
[20] Jon Brodkin, *Comcast's Sneaky Broadcast TV Fee Hits $27, Making a Mockery of Advertised Rates*, Ars Technica (November 28, 2022) available at: https://arstechnica.com/tech-policy/2022/11/comcasts-sneaky-broadcast-tv-fee-hits-27-making-a-mockery-of-advertised-rates/.

warned that: “Adding new company-imposed fees to the cost of internet service is a disturbing new trend, and predicts a future where even internet-only consumers— including so-called cord-cutters, who generally look to save money by dropping cable TV service and relying only on internet service for their video entertainment—will not be safe from the growing burden of add-on fees.”[21]

Unfortunately, our prediction of junk fees riddling ISPs has been realized with several providers tacking on mandatory junk fees to broadband internet service. We identified numerous such fees as part of our study of 22,000 broadband bills voluntarily submitted to CR for research.[22]

The table (located on page 24 of the broadband pricing report) below summarizes the junk fees we found, which ISP charges them, and how much they cost consumers.

[21] CR Cable Bill Report at p. 8.
[22] CR Broadband Pricing Report at p. 23-24.

Company-Imposed Fees

A sample of mandatory fees imposed by ISPs

ISP	Company-Imposed Fee Name	Cost
Atlantic Broadband	High-speed Network Recovery Fee	$5.25
CenturyLink	Broadband Cost Recovery Fee	$3.99
Consolidated Communications	Broadband Cost Recovery Fee	$2.97
Frontier Communications	Internet Infrastructure Fee	$6.99
Grande Communications	Network Access and Maintenance Fee	$5.57
Metronet	Technology Service Fee	$9.95
Optimum (Altice USA)	Network Enhancement Fee	$3.50
RCN	Network Access and Maintenance Fee	$5.57
Service Electric	Network Access Fee	$4.00
Suddenlink (Altice USA)	Network Enhancement Fee	$3.50
Verizon	Municipal Construction Charge	$2.49
Wave Broadband	Internet Infrastructure Fee	$5.57
Windstream	Deregulated Administration Fee	$7.77

This is a convenience sample, no inference can be drawn.

For example, some ISPs charge mandatory junk fees with names such as Optimum's "network enhancement fee" or Windstream's "deregulated administration fee" as shown in the above table.

More telling is the language used to describe these fees, leading one to question what the base rate for service covers, and what the fee additionally purports to fund. Wave Broadband's description of its its "internet infrastructure fee" is illustrative:

> "Internet Infrastructure Fee helps defray costs associated with building and maintaining Wave's fiber rich broadband network, as well as the costs of expanding network capacity to support the continued increase in customers' average broadband consumption. This fee is neither government-mandated nor a tax, fee or surcharge imposed by the government; it is a fee that Wave assesses and retains."

That description–which is not unlike other ISPs rationale for similar junk fees–at least makes clear to consumers who are motivated to dig around in the fine print that it is not a government fee or tax. But the way these fees are presented on bills frequently creates the false impression that they are imposed by government regulation or taxation, when instead they are often routine input costs and distinguished from the core service price only at the provider's discretion.

Much like junk fees in the pay-TV market, internet junk fees do a disservice to consumers by muddying the true price of broadband, making it difficult for consumers to compare prices, creating a pretext for providers to advertise low base rates while actually charging higher prices, and enabling providers to raise prices while superficially appearing to honor lower introductory or contractually promised base rates.

According to consumer stories collected by CR in January 2023, attached as Appendix A, consumers are deeply frustrated and upset with the widespread practice of junk fees being charged in the telecommunications marketplace.

Joan from Lyndhurst, New Jersey told us:

> The fees on my cable services are killing my budget. As a senior citizen on Social Security I can't keep up with the increases, fees, taxes and delivery costs. I used Comcast for almost 22 years and customer service suggests I give up my phone or get slower internet to save money. I'm shopping around but fear my other available choice will be the same. I don't watch sports but have to pay $10.85 a month for the Regional Sports fee and an additional $19.55 for the Broadcast TV Fee.

John from Winona, Minnesota told us:

> We live in the Mississippi River Valley of Minnesota surrounded by bluffs that block the signal from nearby TV broadcast stations. We have no choice. If we want to watch TV we have to subscribe to cable TV. Even though these free TV stations are supported by advertising and by the number of people that watch those ads they charge us an additional fee to watch their stations on cable. The cable company has dropped Minnesota stations from our cable network due to these high fees. This forces us to watch Wisconsin TV stations and prevents us from the local news, weather and hometown interest programs from our state. Watching 20 minutes of ads for every hour of broadcast TV should be enough to support network stations. WHY DO WE HAVE TO PAY A HEFTY FEE TO WATCH FREE TV?

Philip from Lady Lake, Florida said:

BlueStream fiber was recently awarded a contract to service my retirement community in Florida. I use my home there most, but not all, of the year. I opted for the "Basic Bundle" of limited TV and 200 Mbps internet advertised at $59.95/month. When I called and scheduled installation I am told my monthly bill, including "fees" is over $95! "Service" and "Broadcast" Fees increased my bill by nearly 59%.

Mary from Oklahoma said:

My local phone/internet provider added a fee last year called "deregulated administration fee." It added $9.99 a month to my Kinetic by Windstream monthly bill. I informed them with one of their representatives that I would cancel my service if this was not removed from my bill. I have been with this company (through changes and sellouts) since 1987. They agreed to a $10 monthly credit for 1 year, which has now expired and I'm furious that I pay this monthly. The surcharges and other fees are $4.60 without that fee, which I was told is mandatory. It's totally ridiculous that I must pay this. Deregulated in my opinion means it can be used any way they want and they don't have to answer to anyone about where the money goes. Guess what I'd like a new car, pay me a deregulated administration fee, so I can get it. Sounds like total crap to me.

Carrie from Poulsbo, Washington said:

I used the online bill pay service for my internet company just after a merger for which they charged me $1 to process. I now write a check each month but that $1 fee has become a permanent part of my bill. This is in addition to the $9 infrastructure fee they already charge each month. And our service is terrible. We only have one choice for internet service in our area.

Janet from West Chester, Pennsylvania said:

The fees involved always make the bill far higher than most realize. You sign up for internet, phone (landline), and cable. You think you know the amount you'll be paying per month, but it is much more and it's all in the fees that they conveniently say can't be calculated when signing up, you know it'll be higher, but it's more and they have you. With all that, I can't afford a cell/smart phone, I can't afford it even without the fees. It's all too much. And it's getting so that you need that cell/smart phone for more and more things these days, and they always assume you MUST have one. That's just one example, and it is out of hand.

Robin from Bakersfield, California said:

I am an elder with multiple chronic illnesses and disabilities. It is my strong belief that especially fees for paying online, & fees for local TV stations from cable & satellite television providers, discriminate against people like me, & represent an undue burden & refusal to make a reasonable accommodation for our disabilities.

When one’s only source of contact with the world beyond one's living space is the TV & the mobile phone, these fees can add a substantial amount in expense which must come from somewhere -- in my case an income consisting of SS-Retirement & SSI, of which 44.3% goes to rent, not including gas & electricity. When these two utilities are added, in the peak usage months of mid-summer & mid-winter, the total consumes 50.8% or more of my income.

For people living on the financial edge & below the poverty line, these fees can make all the difference between eating & not eating for several days a month, between a winter-weight jacket or coat & no way to keep warm out of doors. These fees are not fair to anyone but are especially brutal & cruel to those who have no other options, the poor & disabled, the almost completely housebound like me.

B. Airline Fees

Consumer Reports has been critical of aggressively priced, often hidden and deceptive fees for air travel for decades. In many ways, the airline industry has led the rest of the economy in the unbundling of pricing, and in pioneering new ways to wring revenue out of all customer segments through ancillary revenue, dynamic and personalized pricing. The results have been not only highly expensive for consumers, but created a harsh, mean marketplace where comparing prices is difficult to impossible, and where passengers have greatly diminished rights when they need to change their tickets, sit together as a family, or bring bags with them for an extended vacation or business trip.

Airlines now routinely charge hefty additional fees to check bags, switch a flight, choose a seat, and book a ticket by phone. Adding just a few of these à la carte services can double the price of your ticket. And because charges vary among airlines, and there has been substantial consolidation of industry through mergers and acquisitions, it's hard to comparison shop.

According to the 2018 Consumer Reports national survey, 31% of consumers said they had experienced a hidden airline fee in the past two years.[23] Even if the fees are disclosed, many consumers cannot reasonably avoid them for services that are often essential for completing a successful itinerary.

By way of background, the global airline industry began aggressively “disintermediating” their airfares in the wake of higher fuel prices, and the aftermath of the September 11 terrorist attacks and 2007-08 financial crisis.

[23] CR Hidden Fees Article.

According to a 2021 article in the Journal of Revenue and Pricing Management:

> Airlines responded to these financial pressures with product and service innovation to improve their revenue streams. This innovation started with airlines rapidly unbundling the products in their base airfares to have an à la carte, fee-based structure where customers pay only for the flight services that they need. New fees were introduced for flight services that were once part of the base airfare, including fees for first and second checked bags and fees to select a seat assignment on the plane in advance of the flight's departure. Fees for many existing fight services also increased, such as ticketing exchange fees and on-board checked pet fees (Garrow et al. 2012). As a result, airline ancillary revenues from unbundled fight products increased drastically. For example, after the introduction of new baggage fees, U.S. airlines reported a seven-fold increase in baggage fee revenues, from $464 million in 2007 to $3.4 billion in 2010 (BTS 2020e).[24]

While the airlines were eventually required to disclose the full cost of tickets plus mandatory taxes and fees through the Department of Transportation's Full Fare Advertising Rule, the DOT and other government agencies have been slow to improve the transparency and comparability of myriad additional fees paid by consumers for baggage fees, pet fees, ticket exchange fees and now seat reservation fees, among others. As the JRPM article states:

> The newly unbundled product pricing structure created a barrier that prevented customers from easily identifying the lowest offered airfare when accounting for all add-on services required for travel. *Any customers attempting to compare competing itineraries using the base airfare plus add-ons were met with a time-consuming and complicated task.* [emphasis added] This effectively allowed airlines to make additional revenues while dropping the price of the base airfare. After the introduction of baggage fees, base airfares decreased by about $7, whereas the full price of travel (the base airfare plus the baggage fee) increased overall (Brueckner et al. 2015).[25]

In a comprehensive survey of airline practices relating to ancillary fees, the JRPM article highlights a trend toward dizzying complexity for consumers. Airlines have ratcheted up baggage fees, with some even now charging for carry-on bags. Sometimes consumers can avoid baggage fees by participating in branded credit card and frequent flyer programs, but these have complex rules and even fees of their own, which makes head to head comparisons difficult.

Now airlines have begun aggressively charging for seat selection, which comes in multiple flavors – aisle, middle and window; front of the plane, vs. back of plane; and sitting together with your family, vs. taking your chances you will be scattered throughout the plane.

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[24] Stacey Mumbower, Susan Hotle, Laurie A. Garrow, *Highly Debated But Still Unbundled: The Evolution of U.S. Airline Ancillary Products and Pricing Strategies*, Journal of Revenue and Pricing Management, (May 18, 2022) available at: https://doi.org/10.1057/s41272-022-00388-5

[25] *Id.*

The JRPM describes the new process of shopping for seat reservations as follows:

> As part of the rapid product unbundling trend, airlines also implemented new seat reservation strategies. Airlines used different strategies for creating unique seat products that could be sold for an additional fee, including "extra legroom" and/or "preferred" seats. Extra legroom seats are usually part of a premium economy class ticket that airlines brand as economy plus or comfort economy. These seats are often located near the front of the plane or in the emergency exit rows and come with early boarding privileges. On the other hand, "preferred seats" are seats in regular economy class that usually do not have extra legroom but are located in popular parts of the plane (such as a window or aisle seat, or near the front of the plane).[26]

However, as the article notes, a harsh downside of this new category of ancillary fees is that it is becoming even more difficult still for consumers to effectively compare their choices, prior to making a decision to purchase an expensive airfare, plus all the hard-to-pin-down add-on costs.

> Although Table 3 demonstrates airlines' current seat reservation strategies, it does not show how pricing complexity has grown over time. Using American Airlines as an example, the current seat pricing for their preferred seats (without extra legroom) depends on both the flight departure time of day and the seat location on the plane. For example, a customer flying between New York City (JFK) and Los Angeles, California (LAX) for a flight departing on Thursday, March 18, 2021 at 9:00 am will pay a fee of $43 for an aisle/window seat and $39 for a middle seat. Alternatively, a customer booking a flight for a 6:30 pm departure on the same day will pay a fee of $32 for an aisle/window seat and $29 for a middle seat. Oddly enough, preferred seats are not present on all aircraft used in this market on this date. A flight for a 12:00 pm departure uses an aircraft configuration with no preferred seating available. An American Airlines customer can view an airplane seat map during the booking process that will show seat availability. However, seat prices are not displayed until after the customer chooses a flight departure time and enters their name, address, date of birth, gender, phone number, and email address. This barrier makes it difficult to compare prices (base airfare plus preferred seat price) across flights and demonstrates how airlines' ancillary policies can decrease pricing transparency for customers, making price shopping more time consuming.[27]

A recent article by Robert Silk in Travel Weekly highlights how unbundled fees are creating highly stressful flying environments for passengers. In recent years, Frontier Airlines, which is characterized as a "ultra-low cost carrier," has adopted a business model of selling relatively cheap tickets a la carte, and then boosting revenue through aggressive fees for carry-on bags, except personal items small enough to

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[26] *Id.*

[27] *Id.*

fit under a seat; checked bags; and seat assignments. Through this strategy, Frontier has captured 54.9% of its 2021 revenue from ancillary items.[28]

However, Silk reports that from his own experience, passengers are reaching the breaking point of navigating a flying experience shaped by the add-on, supposedly optional fees:

> My December experience flying Frontier between Denver and Pittsburgh has made me think that its ever-growing reliance on bag fees compared to base fares has gone too far, tempting more budget flyers to test adherence to the rules at the gate, compelling the airline to crack down in a manner that violates practically every precept of customer service. When so much money is at stake, shareholders are going to expect strict enforcement.
>
> One-by-one on my flight from Denver, as passengers who hadn't booked a carry-on reached the boarding gate, the agent instructed them to test if their personal items fit in the carrier's measuring bin. If not, the agents warned repeatedly over the intercom, they'd have to pay a $99 at-the-gate carry-on fee.
>
> What followed was near chaos. Some flyers, already upset after a three-hour delay, tried to ignore the agents. This led to yelling by the agents, including an occasion in which an agent hollered to her counterpart not to allow an approaching passenger to board.
>
> Soon thereafter, as the boarding line inched forward amid all the bag measuring and conflict, I turned to notice a second line of maybe six or seven people at the check-in desk who were waiting to pay the usurious $99 gate-check charge.[29]

Currently, the Department of Transportation is seeking to increase price transparency for add-on airline fees through a notice of proposed rulemaking, to enhance the transparency of these ancillary service fees that air carriers commonly charge to consumers. The rule would not prohibit the imposition of any particular fee (unlike the FTC ANPR), but it would instead require ticket sellers to ensure that these ancillary fees are disclosed when the ticket fare is advertised. DOT's proposed rule seeks to protect consumers by considering it an unfair and deceptive practice to omit the cost of critical ancillary services when travelers search for air fares. The rule would strengthen protections for consumers by ensuring any fees charged to seat a young child with an accompanying adult, change or cancel a flight, or travel with a first checked bag, a second checked bag, or a carry-on bag would be disclosed whenever fare and

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[28] Robert Silk, *Airlines Continue to Find Ways To Increase Ancillary Revenue*, Travel Weekly, (September 29, 2022) available at:
https://www.travelweekly.com/Travel-News/Airline-News/Budget-versus-traditional-airlines-comparing-costs

[29] Robert Silk, *The Unseemly Side of Ancillary Fees*, Travel Weekly, (January 28, 2021) available at:
https://www.travelweekly.com/Robert-Silk/The-unseemly-side-of-ancillary-fees.

schedule information is provided for flights to, within, and from the United States. These fees would be required to be displayed as passenger-specific or itinerary-specific based on the consumer's choice. The proposal would also require airlines and ticket agents to enable consumers traveling with young children to purchase adjacent seats with their airline tickets at all points of sale. Airlines that do not charge a fee for adjacent seating to those traveling with a young child would not be required to disclose or make transactable adjacent seating fees.

With the airline industry increasingly using new forms of dynamic and personalized pricing, it is vital that the FTC and DOT act quickly and comprehensively to improve consumers ability to quickly find and compare prices for all add-on fees for air travel, and to avoid imposition of predatory and excessive fees in the back end of the fare selection process. While we believe the proposed DOT rule is a good start, there is much more to be done to address the proliferation of airline fees caused by the unbundling of fares, and consider ways to limit and eliminate excessive fees that distort pricing and make shopping for tickets so difficult.

Consumers who shared junk fee stories with Consumer Reports[30] in January 2023 indicated that they are highly frustrated by the proliferation of airline fees:

Carrie from Newbergh, Maine told us:

> Airlines are another ridiculous group of fees. What does a ticket cost to get me there and home, period! Do you want a seat? Do you want to board five minutes earlier than someone else? Do you want to take your underwear and toothbrush in a piece of luggage? Do you want to bring it home with you? It's gotten so out of control.

Edward from Framingham, Massachusetts said:

> Booked a flight on Delta. The cheapest fare says you cannot select a seat and you board last, so I selected the higher fare which allows seat selection. Then when I went to select a seat, I was only allowed to pick a middle seat, and not in a row with extra leg room. A window or aisle seat was $70 more each way.

Peter from Rockport, Maine said:

> I booked a flight for 2 on British Airways. I paid for upgraded tickets and after I checked out I discovered I had to pay an extra $550 to choose my seats on my flight ahead of time. There was not a direct flight so that meant charges for 4 seat choices for each person.

Jeffrey from Warren, Rhode Island stated:

[30] Attached as Appendix C.

> Baggage fees were initially charged, supposedly, to cover increased fuel costs. After fuel costs went down the baggage fees were not discontinued but have grown dramatically. I am sure that they are very profitable to the airlines but they are very irritating to me. I do not pay a fee to my preferred airline because I use their credit card - which does include an annual fee - but see it as unfair that they don't charge this fee to everyone. It is discriminatory and should be included in the ticket price.

Pat from Hidden Hills, California said:

> I was an airline employee for 10 years when traveling was such a luxury. I miss those days!! Now you have to pay for calling the reservation center to talk to a human being because of a problem you had with your scheduled flight. You have a fee for requesting an assigned seat, a fee for your carry-on luggage, for the large suitcase you may be taking on that month-long vacation. Some flights only allow a personal item so I guess that means wearing all your clothes in layers for that 5 day trip. Absolutely ridiculous, and from what I understand, airlines make a bundle on all of these with no limits on what they may want to charge for whatever else fee they want to introduce. I rather know from the start that my ticket is going to be $600 and that's it, instead of the fare of $350 that has all the fees imaginable added to it and ends up being $700.

C. <u>Hotel Fees</u>

The nationally representative survey of over 2,000 US adults conducted by Consumer Reports in 2018 cited earlier demonstrates the confusion and frustration caused by these fees. In that survey, 34% of people who have received a hotel bill in the past two years said they encountered a hidden or surprise fee on that bill, and more than half said that those hotel fees had caused them to go over budget.

As CR pointed out in a letter to the FTC in 2019, US hotel fees and surcharges have steadily increased, from $2 billion in 2012, to $2.7 billion in 2017, to $2.93 billion in 2018.[31] These fees are now being charged at a wide range of hotels and have a variety of names, including “urban amenities fees” or “destination fees,” that imply that the fee is largely related to the location of the hotel. These fees have continued to skyrocket in cities such as New York, San Francisco, Washington, DC, and others. For instance, New York City went from 15 hotels charging such a fee in 2016, to 42 in 2017, and then 85 in

[31] Anna Laitin, *Consumer Reports Letter to the Federal Trade Commission Division of Advertising Practices*, (August 19, 2019) available at: https://advocacy.consumerreports.org/wp-content/uploads/2019/08/CR-letter-to-FTC-hotel-resort-fees-080619.pdf; See also: Julie Sickel, *U.S. Hotel Fees and Surcharges Projected to Hit $2.93B in 2018*, Business Travel News (October 24, 2018), available at: https://www.businesstravelnews.com/Lodging/US-Hotel-Fees-and-Surcharges-Projected-to-Hit2-93B-in-2018.

2018.[32] According to hotel websites, these fees cover items such as restaurant credit, internet access, domestic and international phone calls, and discount coupons for tours and events. As described in our 2019 letter, Consumer Reports examined the websites of the 34 hotels that received letters from the FTC in 2012 and 2013. We found that 31 of the 34 hotels continued to charge resort fees, and that none of the 31 includes those resort fees in the price quoted to consumers. Similarly, none of the 10 Online Travel Agencies (OTAs) that were still operating included the resort fees in its initial quoted prices.[33]

Among the 31 hotels that continue to charge resort fees, none included those fees in the initial online price shown to consumers, the CR analysis found. Instead, the hotels show only the base cost of the room on the first pricing page, without including additional mandatory charges, though some mentioned the existence of fees in small print or via a hyperlink. Customers have to make multiple clicks to arrive at a checkout page to see the total costs, including fees. Among the hotels surveyed, those add-on expenses, including resort fees and other surcharges, as well as taxes, ballooned the total costs by 11 percent to more than 100 percent.

Although all the hotel websites reviewed by CR failed to show the additional fees and charges clearly, some were even less clear than others. Four hotels, including Atlantis Casino Resort Spa, Eldorado Hotel Casino in Reno, Nev., Mohegan Sun in Uncasville, Conn., and Wynn Las Vegas and Encore Hotel made no mention of their resort fees when presenting the initial room rate, delaying notification until customers reach the checkout page. Other hotels mentioned the existence of add-on fees on the first pricing page, but those details are difficult to see. The Four Seasons Scottsdale noted other fees and charges at the bottom of the room rate page, but customers have to click through a hyperlink for details. The Tuscana Resort in Orlando provided a small-print reference to fees and taxes, which was visible only if customers scrolled down below the room rate information.

A similar lack of fee disclosure was found at all 10 online travel agencies that are still operating, including Booking.com and Expedia, which both own several of the agencies. These websites showcase initial room rates without including mandatory fees, which appear only after customers clicked through additional pages.

As we described in the letter:

> Consumers use Online Travel Agencies (OTAs) to comparison shop. Unfortunately, with the use of resort fees by hotel operators, comparison shopping cannot be completed without significant costs to the consumer in time and energy. All ten of the still-operational OTAs that were sent

[32] Lauren Wolfe, *New York City Has Unique Issues Related to Resort Fees,* KillResortFees.com, available at: http://killresortfees.com/newyorkcity

[33] Anna Laitin, *Consumer Reports Letter to the Federal Trade Commission Division of Advertising Practices*, (August 19, 2019) available at: https://advocacy.consumerreports.org/wp-content/uploads/2019/08/CR-letter-to-FTC-hotel-resort-fees-080619.pdf

[FTC] warning letters in 2012 or 2013—several of which are joined in common ownership—fail to display the resort fee on the first page of the search where consumers see the advertised rate, which is where they comparison shop.[34] Consumers must click on a specific hotel in order to see the mention and price of a hotel's resort fee. Consumers must then click again in order to see the true total price. This obfuscation of the true price of a stay at these hotels means that consumers are prevented from conveniently making cost comparisons between hotels. Furthermore, even when the OTAs finally do disclose the full cost, they vary in how they display the total to the consumer at check-out.[35]

We also noted that Priceline was failing to display the full cost of a stay, but by highlighting the lower cost, it was employing a form of "dark patterns" to obscure the true price from consumers.

According to darkpatterns.org, which tracks these manipulative online tactics, "Dark Patterns [also known as Deceptive Designs] are tricks used in websites and apps that make you do things that you didn't mean to, like buying or signing up for something."[36] Companies commonly use such patterns to encourage or manipulate users into doing more of what the company wants. In this case, Priceline is nudging consumers towards booking a seemingly lower-priced stay. In other cases, websites use dark patterns in design to encourage consumers to act in ways that benefit the company, such as being more active on their site or permitting more expansive data sharing. Such dark patterns could constitute deceptive or misleading practices under the FTC Act.

According to consumer stories collected by CR in January 2023[37], attached as Appendix A, consumers continue to be disappointed and frustrated by the widespread practice of unfair and deceptive hotel resort fees.

Michael from San Leandro, California said:

> I find resort fees to be the most offensive. When I first saw them, I assumed that they were state taxes of some kind. When I realized they weren't, I hit the ceiling. They are not included when you make reservations on line until the reservation is complete, and there is no rhyme or reason to how they are calculated.

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[34] Eleven OTAs received the FTC Warning letters. The CR analysis excluded Quikbook, which is no longer in business. Cited in: Anna Laitin, *Consumer Reports Letter to the Federal Trade Commission Division of Advertising Practices*, (August 19, 2019) available at:
https://advocacy.consumerreports.org/wp-content/uploads/2019/08/CR-letter-to-FTC-hotel-resort-fees-080619.pdf

[35] *Id.*

[36] Deceptive Design, *What is Deceptive Design?* available at: https://deceptivedesign.org, accessed Feburary 8, 2023.

[37] Appendix A.

Sharon from Port Orchard, Washington said:

> Not being able to budget hotel rooms because you don't know exactly what fees you may have to pay keeps me from traveling except for family emergencies. Fun travel has gone away because of all the fees of airports, taxis, Ubers, and hotel accommodations.

Cynthia from Marlboro, New York told us:

> Staying at a nice (aka an expensive) hotel, we were charged a resort fee for a pool which we didn't use. The pool was outside and it was winter in Vermont. We spoke with elderly walker and wheel chair bound seniors who were also charge and also did not use the pool. The room rates were high enough the resort fees were not necessary.

Koolish from Berkeley, California also said hotel resort fees were unfair to consumers with disabilities:

> Resort fees for hotels (not including parking, the one thing a disabled traveler needs most to be included, [are charged] for bikes I cannot ride, coffee that costs them $1 etc. These fees are between $29-$40.

D. Car Rental Fees

Similar to the airlines, car rental companies charge a variety of additional add-on fees that can be frustrating and expensive for consumers. These include the extra "drop-off charges" when you return a car to a location that's different from where you picked it up; fees for for adding an additional driver, even if it's your spouse; gas tank charges for refueling; extra collision insurance, even though you might be covered by your own insurance policy; return fees for nicks and dings; cleaning fees; and fees for renting or using a GPS or toll transponder. The large number of options in the fee structure may make it difficult to comparison shop or know what the final cost will be.

In some cases, the consumer may not need the optional service, or could reasonably avoid it. But the way the option is presented at the checkout counter may make it seem like it is required or essential. For example, agents often try to highlight the advantages of collision damage waiver policies, and consumers have to resist sales pitches that unfairly exaggerate the risks of not purchasing it. Or, a consumer might be able to avoid the charge for a toll transponder by bringing their own transponders from home; but they would have to know this is possible and that they will not be charged an extra fee for using their own equipment. Some car rental offices also charge additional facility fees when located at airports or other high-traffic locations, which can be hard for consumers to anticipate or avoid.

The car rental industry is heavily consolidated, with the three largest companies–Hertz, Avis and Enterprise–controlling 95% of the market at airport rental counters. Enterprise owns Alamo and

National; Hertz owns Dollar and Thrifty; and Avis has merged with Budget, limiting the ability of consumers to "vote with their feet" by switching competitors.[38]

The practices of the car-rental companies may be experienced by customers as similar to drip pricing, where the company collects excessive fees for optional services that some consumers may need or cannot avoid. In 2018, the Competition Bureau in Canada conducted an investigation of drip pricing in several industries, and imposed $5.95 million in administrative monetary penalties on four car rental companies, several of which also operate in the US: Discount, Avis/Budget, Enterprise and Hertz/Dollar Thrifty. The Bureau alleged that the car rental companies were advertising prices that could not be obtained by customers, because of mandatory fees added later on in the rental process. Discount, Avis/Budget and Hertz/Dollar Thrifty were also penalized for describing fees used to recover operating costs as government-mandated taxes or surcharges.[39]

Consumers who shared junk fee stories with Consumer Reports[40] complained about unfair fees imposed by car rental companies:

Richard from Sperry, Oklahoma shared his car rental story with CR:

> [I took a] trip to Florida over the summer, and the option was to either pay a flat rate of 10.00 per day on rental contract or pay as you go. The part that is not disclosed is that there is NO way to pay tolls as you go for most of the tollways in Florida, only picture tied to license plate. Story ends with paying about 6 dollars in tolls PLUS 9.99 for each toll for a total of 120.00 dollars.

Robert from Grant-Valkaria, Florida said:

> The "base charge" for an eight day car rental at BWI airport is $320 but the additional mandatory fees/surcharges alone add $89 to the total cost (27.7% increase). Mandatory taxes add another $47 to the bottom line cost (14.4 % increase). Total additional mandatory charges (fees & taxes) increase the "base charge" by 42.4%
>
> Required fees and surcharges include:
>
> (1) CONCESSION RECOVERY FEE 11.1%
> (2) CUSTOMER FACILITY FEE $3.75 per day
> (3) TRANSPORTATION FACILITY FEE $2.90 per day
> (4) VEHICLE LICENSE FEE $0.56 per day

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[38] Eric Rosenbaum, *Hertz Deal Isn't Just Tipping Point for Tesla and EVs, but Car Rentals in Climate Change Era*, CNBC, 10/25/21, available at: https://www.cnbc.com/2021/10/25/tesla-hertz-ev-deal-signal-to-rental-car-fleets-its-time-for-electric.html

[39] Cassels, *Fixing the Leak: Discount Fined $700,000 for Drip Pricing*, (October 26, 2018) available at: https://cassels.com/insights/fixing-the-leak-discount-fined-700000-for-drip-pricing/

[40] Appendix C.

> Normally these fees would be considered a normal expense of the rental car company and not directly charged to the consumer. But apparently some quirk in the law allows charging whatever the market will bear including daily fees for each day of the rental contract. Why are the rental car companies allowed to take advantage of the innocent consumer?? This must stop!!

Benjamine from Vineyard, Utah told us:

> Vehicle rental fees are out of control with every company out there. Turo banned me after I refused to pay a cleaning fee I was stuck with after the rental, despite their terms of service clearly stating my situation did not warrant a fee. That's after that $50 a day rental for 3 days goes from $150 to $230. Ridershare, a platform [for which] I worked very hard to stack up a $450 referral bonus, I've actually never rented from thanks to the ridiculous fees! Picked a bike with a $30 daily fee expecting to afford it for two weeks, after all the fine print I could only afford three days! I'd rather let the bonus go to waste!

E. Live Entertainment and Sporting Events

Americans are deeply frustrated with the online ticketing marketplace. In 2018, Consumer Reports reached out to our members asking them to share their stories about ticketing and ticket fees, and more than 6,600 wrote back, sharing their comments with both Consumer Reports and the FTC. These consumers, representing all 50 states, the District of Columbia, and Puerto Rico shared a general frustration with the purchase process.[41] Many gave concrete examples of frustrations with hidden fees raising the price of a ticket well beyond what the individual had understood to be the price; with bait-and-switch tactics that left them uncertain about what they had bought, and whether the tickets were legitimate; and with the opaque operations of the secondary ticket market. It is clear from these stories that the online event ticketing marketplace is not transparent, and does not operate in a manner that enables consumers to make informed purchase choices and reliably secure rights of ownership in the tickets. These problems are exacerbated by a concert ticket marketplace that is now highly concentrated, with LiveNation/Ticketmaster dominating ticket sales and promotion, and having scant competitive incentive to improve the shopping experience for consumers.[42]

When purchasing tickets, buyers can face hidden fees that increased the price by as much as 30 to 40 percent. In December 2016, the National Economic Council issued a report, *The Competition Initiative and Hidden Fees*, which notes that these drip pricing fees are generally structured "in order to drive down the perceived price and lure consumers to make purchasing decisions based on misinformation" and are, at worst "fraudulent or deceptive; at a minimum, they make prices unclear, hinder effective consumer decision making, and dull the competitive process."[43]

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[41] Comments came from a wide geographical area, with at least one comment from each state, and more than 100 comments coming from each of 18 states.
[42] See Ben Sisario and Graham Bowley, *Live Nation Rules Music Ticketing, Some Say With Threats,* New York Times (April 1, 2018) available at: https://www.nytimes.com/2018/04/01/arts/music/live-nation-ticketmaster.html.
[43] National Economic Council, *The Competition Initiative and Hidden Fees*, (December, 2016) available at:

Consumers are being harmed by the opaque pricing mechanisms used by online ticket sellers. If a fee is certain to be charged to a consumer in order for that consumer to receive a product or service, that fee should be included in the base, advertised rate. Also, any additional fees that a consumer might expect to need to pay should be disclosed early enough in the ticketing process to enable the consumer to use that information in making a purchasing decision. And finally, the fees themselves should be set at an amount that reflects the cost of providing that additional product or service; companies should not be able to mask price or rate hikes through additional fees.

Fees for live events quickly add up: the Government Accountability Office (GAO) estimated that "the average event ticket fee on a primary sale is 27 percent of face value," while fees on resale sites average 31 percent of the (often inflated) price.[44] And financial disclosures indicate that nearly half of Live Nation's, the largest ticket seller in the country, revenue comes from those fees.[45]

Consumers have complained to Consumer Reports about drip pricing for ticket sales, with stories of ticket sales with hidden fees that they did not see until well into the purchase process. As Barbara in Ohio wrote:

> I actually buy tickets to events, plays, and shows quite often. I search for the best night, best seats, and best prices. After all of that searching and comparing, I proceed to actually placing the order. That is when the added fees show up. After all that effort, and with a time limit to complete the comparing, I proceed to actually placing the order. That is when the added fees show up. After all that effort, and with a time limit to complete the order before the seats are lost, I go ahead and pay what I have to. I feel it is unfair that I don't find out the true cost until the clock is ticking. Please do something about these additional fees.

Another consumer provided the other side of the coin—the frustration in discovering late in the purchase process that fees make an already expensive ticket purchase unaffordable. As Michael in Ohio wrote:

> You get excited; your children or children's children get excited about going to an event that is already on the expensive side. And right before you finish checking out, you realize that the fees, etc. have driven the advertised price beyond what you can afford.

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https://obamawhitehouse.archives.gov/sites/whitehouse.gov/files/documents/hiddenfeesreport_12282016.pdf.

[44] Government Accountability Office, "Event Ticket Sales: Market Characteristics and Consumer Protection Issues," GAO-18-347 (April,2018) available at: https://www.gao.gov/products/GAO-18-347.

[45] Live Nation, Live Nation Entertainment Reports Fourth Quarter And Full Year 2017 Results (Feb. 27, 2018), at: https://finance.yahoo.com/news/live-nation-entertainment-reports-fourth-212300600.html See also: David Dayen, *The Ticket Monopoly Is Worse Than Ever (Thanks, Obama)*, The New Republic (May 15, 2018) available at: https://newrepublic.com/article/148419/ticket-monopoly-worse-ever-thanks-obama.

> Everyone is disappointed. These advertised enticements must stop; they must reflect actual costs!!

And finally, another consumer made a simple analogy to explain the absurdity of add-on fees. Regan in South Carolina wrote:

> If listing the total price...is liable to reduce sales, then misrepresenting the price is a deliberate tactic to deceive a shopper and snare them with a higher price tag once they're already, proverbially, at the front of the check-out line.
>
> I know what the sales tax is in my state. I can figure that part out. But I've never gone grocery shopping and been hit with a "soup packaging fee" after I've scanned my Campbell's cans, or a "semolina macaroni product-drying surcharge" once I'm ready to pay for my linguine. And with good reason. Seems about time we bring the online purchase of tickets into the realm of reason and require a little truth in advertising.[46]

In June of 2022, New York Governor Kathy Hochul signed a groundbreaking New York bill that requires live entertainment and sporting event ticket sellers to disclose all fees and service charges upfront to consumers when the ticket price is first presented.[47] The law makes New York the first state in the nation to require upfront, "all-in" pricing for live event tickets, ensuring that consumers will be able to see the full cost of the ticket at the outset of the transaction.

Under this new law, ticket buyers have finally won the right to ensure that pricing for concerts, sporting events and shows will be more transparent and fairer. While some websites are lagging in implementing the law's provisions, many major primary and secondary market ticket sellers do now display the "all-in price" including all fees and service charges at the outset of the shopping process where specific tickets are selected.

At a stakeholder roundtable before the law was passed, representatives for major ticket sellers in the primary and secondary market stated they did not object to a requirement for upfront, all-in pricing with

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[46] Consumer stories previously submitted in comments submitted by Anna Laitin, Director, Financial Policy, Consumer Reports, at Federal Trade Commission Online Event Ticket Sales Workshop, Project No. P18450 (December 5, 2018) available at: https://advocacy.consumerreports.org/wp-content/uploads/2018/12/Consumer-Reports-comment-on-Online-Ticketing-120518.pdf

[47] New York General Laws Section § 25.07, available at: https://www.nysenate.gov/legislation/laws/ACA/25.07 Connecticut has a similar law which requires any advertisement for an in-state event to conspicuously disclose "the total price for each ticket and what portion of each ticket price, stated in a dollar amount, represents a service charge." CONN. GEN. STAT. § 53-289a, available at: https://law.justia.com/codes/connecticut/2019/title-53/chapter-946/section-53-289a/

all fees included, as long as all sellers were required to provide this information.[48] The new New York law shows that banning drip pricing is practical and feasible, and will improve consumer choice and transparency in pricing. Similar requirements to require all ticket sellers for live entertainment and sporting events to disclose and present the full, all-in price including fees at the outset of the transaction should be implemented on a nationwide basis through the FTC junk fee rulemaking.

F. Financial Fees

According to the 2018 Consumer Reports national survey, 37% of consumers said they had received a hidden fee for personal banking in the previous two years, while 36% had received a hidden fee for credit cards and 24% for investment services.[49]

As CFPB Director Chopra has noted:

> In many cases, junk fees often act as penalties, like with non-sufficient funds and credit card late fees, rather than compensation for a legitimate service. While it may make sense for banks to pass on the cost for extra services provided, many complain that these fees are far higher than the service is really worth.[50]

In March, 2022, CR asked its members to share their experiences regarding junk financial fees. We collected over 1,800 comments from consumers. Selected comments regarding a variety of different types of fees in the marketplace are provided below, and additional comments are provided in Appendix B.

1. Overdraft and Insufficient Funds Fees

Overdraft services are effectively short-term lending programs with extremely high interest rates, as banks provide short-term liquidity for overdrawn transactions in exchange for a fee.[2] The Bureau has stated that "put in lending terms, if a consumer borrowed $24 for three days and paid the median overdraft fee of $34, such a loan would carry a 17,000 percent annual percentage rate (APR)."[51] Without the overdraft rule, consumers could be automatically and unwittingly enrolled in such programs. As

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[48] January 2022 Roundtable attended by Charles Bell, Programs Director, Consumer Reports, hosted by Senator James Skoufis and Assembly Member Danny O'Donnell.
[49] CR Hidden Fee Article.
[50] Chopra, Rohit, Consumer Financial Protection Bureau, *Prepared Remarks of CFPB Director Rohit Chopra on the Junk Fees RFI Press Call*, (May 22, 2022) available at: https://www.consumerfinance.gov/about-us/newsroom/prepared-remarks-of-cfpb-director-rohit-chopra-on-the-junk-fees-rfi-press-call/
[51] *Id.*

research shows, a large majority of consumers (68%) would prefer to have their overdrawn transaction denied, which comes at no expense to them, rather than pay a $35 fee.[52]

For people with low and moderate incomes, overdraft fees can pose significant hardships. Thomas from Henderson, Nevada told CR in 2018:

> ...I am retired and live on a very tight budget. Occasionally I have had overdraft fees caused unexpected recurring charges. In the last year I have [experienced] a couple situations that have worked like this.
>
> I have about $200 in the bank. My account shows that two checks came on one day, (1. 14.99, 2. 9.99), then my car auto payment came in later in the day, two days early due to the weekend. At the end of that day, Wells Fargo. changed the order to the largest first and the smallest less and then charged me a $35 overdraft on all three checks, for a total of $105.00. Then on Monday, the next banking day, my SSA check comes in and brings the account current. One of the problems is that SSA doesn't pay on the same date each month, They pay on the second Monday which can vary by as much as six days each month. This day and week time can vary with each individual, but causes problems with all seniors.
>
> I think it is terrible to charge a person a $35. bank fee for a 9.99 or 14.99 overdraft charge. I think it should be a percent of the amount of the item. Maybe it should be 10% of the charge with a max $25. I have been banking with Wells Fargo for 25 years and the last time this happened I called the bank and insisted I talk to a supervisor. After waiting about ten minutes, I got the supervisor and she said they were all legitimate fees. I said, I checked my account early that day and the only charges that had come in were the $9.00 and $14.99 checks. I said , do you think it is fair to charge me $70 for a $24 overcharge? She said, No, but because you are a long term customer I will take the two $35 charges off and you will have to pay the first $35 charge. Big Deal. I understand there are no laws governing late charges, and they can do anything they like.

Overdraft and insufficient fund fees impact consumers who find themselves with low balances in their deposit accounts and in fragile financial positions. Consumers often do not have sufficient funds due to circumstances out of their control, and insufficient fund fees can make a consumer's fragile financial position even worse. Additionally, these fees often do not scale with the amount overdrawn. Micheal Phillips from Raleigh, North Carolina told us:

> In the past year, I have paid $50 - 100 First Citizens Bank, [charged a] $36.00 NSF fee for an overdraft of $0.03.

Joe from Boone, Iowa pointed out that overdraft fees can be especially onerous for younger households:

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[52] Pew, (2016); See also The Pew Charitable Trusts, *Overdrawn: Persistent Confusion About Bank Overdraft Practices*, (June, 2014), p. 10, available at: https://www.pewtrusts.org/-/media/assets/2014/06/26/safe_checking_overdraft_survey_report.pdf.

> We don't run into fees now, now that we have money. But when we were first starting out we paid many fees - sometimes fees and penalties that really hurt us financially and emotionally. We knew that because we were poor and vulnerable, we were targeted. The credit union once sent a check through 3 times - while the office was closed! So we had to pay 3 overdraft charges on the same bad check between Saturday afternoon and Monday morning. They even sent it back through before they were open on Monday morning! They told me it was a third party that does that and they have no control over it. That cost us over $100 at a time when we had no money left after paying bills, student loans etc. We always felt like we were being preyed upon by financial institutions when we were young and poor. Now they all want to give us money.

Susan from Portland, Oregon said:

> I am concerned that banks are charging 'junk' fees merely as a way for banks to make more money off of bank customers, especially low -income communities, which skew toward marginalized groups due to current and past discrimination. We have even seen evidence of banks reordering when transactions come in, so that they can charge a NSF fee, simply to increase their profit. So a person who is trying to be financially responsible and put money in the bank before writing that check to pay a bill gets hit with a NSF fee that they can't afford, not because they didn't do the right thing but because banks can make money by reordering the timing of those transactions. If the banks are just trying to drive up profit, on the backs of the people who can least afford it, exacerbating poverty (with all of its attendant harms), on marginalized communities, and also reordering transactions, then they lose the privilege of being allowed to charge whatever fees they want. It's time for the CFPB to protect consumers and our economy, and take action to reduce and eliminate unnecessary banking fees.

2. Account Maintenance Fees

Robert from San Francisco, California pointed out that many banks require account holders to keep large amounts of money on deposit to avoid account maintenance fees – even though the funds earn virtually no interest.

> After opening a personal checking/savings account several years ago at BofA I was charged $12 per month "maintenance"fee if my balance was below $1,500 for just a few minutes on any given day. Unless of course there was any employer direct deposit. The savings account required a minimum balance of $100 which was done on opening the account but then without any further announcement upgraded to $500 minimum. Consequently I had to fight with the bank to get the $12/Mt imposed maintenance charge refunded. So BofA has a "$2000 involuntary "hostage loan" from me and if I ever fall below $1999.99 it is effectively a "9.6% interest loan" the bank is charging me for my own money: $12 per month "maintenance fee."

William from Tallahassee, Florida reported that:

> Bank of America switched me into an account (without advising me of the consequences) where the minimum balance was $10,000. They then charged me $25 a month in fees because I didn't maintain that balance (while the account yielded less than $2 in annual interest).

3. Late Fees

Maria from Los Angeles, Califorinia shared her perspective about the expensive fees consumers incur when they miss payment deadlines:

> To me, one of the most unfair of all the fees is the credit card and late mortgage fee. Pay just one hour or one day over the due date, and you're assessed the full fee. I have had times when I've inadvertently scheduled an online payment, for either a credit card or mortgage payment, that fell on a weekday holiday, thereby pushing my payment to the next business day after the due date and thereby charging me the full late fee. I understand that financial and other companies assess fees to motivate people to be timely and consistent with their payments, but it's unfair and bad business when you assess a full fee simply one hour or one day beyond the due date. Instead, how about prorating the late fee, so it'lll be $10 1-3 days beyond the due date, $20 more than week late, $35 more than two weeks late, etc. I could go on and on about the excess use of fees, but the late fee, while not necessarily a hidden fee, definitely sneaks up and rears its ugly head on you. If you're not careful about being timely and consistent with your payments, it can also be one of the most costly of all the numerous fees we encounter.

Victoria from Bloomington, Indiana said:

> ...What particularly irritates me are late charges for paying bills. I pay for a monthly TV charge of $8.90 using my Capital One credit card. In the past two years I have been a few days late in paying my bill and as a result have been charged each time $25, nearly three times the amount of indebtedness. What irritates me are charges on late payments. I pay TV charges using my CapitalOne credit card for a monthly charge of $8.99. On two occasions over the past two years I have been charged $25 for sending in my payment a few days late, nearly three times the amount of each charge. Generally speaking, the usurious interest charges of credit cards and loans have forced me to become a good financial citizen: I now pay every bill the day I receive it. No interest charges or late fees. But if I were inclined to conspiracy theory, I would begin to wonder why I have begun to fail to receive bills in a timely fashion.

4. Dormancy and Inactivity Fees

Terry from Conesus, New York incurred fees because his account was declared "dormant" by his bank:

> Truist (formerly Suntrust Bank) put my account in "dormant status" as I hadn't used it for 6 months. [This] resulted in my check for payment to my local county clerk's office not being accepted for "insufficient funds", even though my balance was over 10 times the amount for which the check was written. I was required to pay the clerk's office a $30 fine for a supposedly bad check and threatened with prosecution and a misdemeanor charge! The bank refused to

reimburse me the penalty fee assessed by the clerk's office, but did "reactivate" my account so I can now have free access to my own money - as long as I make a transaction at least once every six months! Never notified me of this "dormancy policy". Even though the bank itself didn't charge me a fee, their non-transparent and restrictive dormancy policies resulted in my having to pay one indirectly to access my own money. It's time for the CFPB to protect consumers and our economy, and take action to reduce and eliminate unnecessary banking fees and overly restrictive and secretive policies.

Allen from Sunnyvale, California reported that:

> In the past year, I have paid a fee because my account has been inactive. It is small, but every dollar counts. I have called the credit union to indicate that I have not abandoned the account but currently do not have income to supplement it.

Paul from Cleveland, Ohio said:

> In the past year, I have paid $100 - 200 Huntington charged $15/month for an inactive checking account. Did not get a clear notice of this.

Ann from Hiram, Ohio also reported that:

> In the past year, I have paid less than $50 to Middlefield Banking Company. [I was] charged an inactivity fee for a savings account with over $10K balance. Could not be "active" because of the requirement to keep $5K in [my] checking account. Also, the bank started a charge to receive a statement from the US Postal Service. [This is a] hardship for people who do not have printers/computers."

Drew from Newcastle, Washington said:

> In the past year, I have paid $100 - 200 Lake Michigan Credit Union for 'account dormant fees.

With respect to inactive accounts on prepaid reloadable cards, Western Union Netspend Prepaid Mastercard charges a $5.95 monthly inactivity fee,[53] while SurgePays Visa Prepaid Card charges a $5.00 monthly inactivity fee, until the card is depleted to zero. [54]

As CR has previously recommended, prepaid card issuers should not profit from or grow their profits from assessing abusive fees including inactivity fees or dormancy fees. If an account is dormant for over 90 days, the account should be closed with the remaining balance returned to the consumer without a

[53] Western Union Netspend Prepaid Mastercard, available at: https://www.wunetspendprepaid.com/how-it-works.shtml (accessed February 6, 2023)

[54] SurgePays Visa Prepaid Card fees, accessed 04-08-2022, available at: https://surgepayscard.com/fees-and-limits/

fee.[55]

5. Check Cashing Fees

Richard from San Clemente, California reported that a bank tried to charge him a fee to cash the bank's own check:

> My experience was a few years ago but I hope you will consider it as it's had a persistent effect. It involved a demand that I pay Bank of America a fee to cash a valid check, payable to me and drawn on a Bank of America account (the account contained sufficient funds to cover the check). A bank representative stated that bank policy was that non-account holders pay a fee to cash a check drawn on a Bank of America account. When I replied that my policy was to receive face value of the check I was attempting to cash, they called the police and filed a complaint, resulting in the police telling me that if I ever set foot in the bank again I'd be arrested! I ended up cashing the check at another bank, without incident. I believe that episode was an abuse of public trust and use of the local police as their private enforcers. That inappropriate and thuggish behavior was unlike anything I've encountered in more than 50 years of banking.

According to a 2021 article in US News and World Report, several banks including Bank of America, Chase, Wells Fargo, SunTrust and TD Bank charge fees in the range of $7-8 to non-account holders to cash checks drawn in the bank's name.

6. Fees for Minimum Purchase Transactions

Valerie from North Adams, Massachusetts said:

> For a number of years, I have paid unfair fees to Bank of America. To avoid monthly service fees for my account, it reasonably requires a minimum purchase amount each month. But if there is a problem with a purchased item/service whereby the seller provides a credit/refund that is processed in a subsequent month, the bank backcharges me for the purchase month if the "new" total spent is under the minimum purchase amount. It's impossible for a consumer to anticipate the need for a credit/return nor the processing time, so it should be equally impossible for the bank to take advantage of this inevitable situation. This happens even when I exchange a same priced item for a different color/style, as the seller often refunds the initial purchase, then requires a new sale--often occurring in two different months.

7. Fees for Paper Statements

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[55] Consumer Reports, *Prepaid Cards: How They Rate,* (June, 2016), p.12, available at [https://advocacy.consumerreports.org/wp-content/uploads/2016/04/Prepaid-Cards-How-They-Rate-201607-06-2016-CompleteReport.pdf.](https://advocacy.consumerreports.org/wp-content/uploads/2016/04/Prepaid-Cards-How-They-Rate-201607-06-2016-CompleteReport.pdf)

James from Fremont, California points out that not having a paper statement might make it harder to make payments on time:

> Financial institutions are trying to coerce customers to abandon paper statements; switch to electronic delivery, in order to increase profits is to not send statements in a timely manner to allow payment on time so that they can charge late fees and interest. I have been hit several times with this issue but managed to reverse it.

8. Fees to Simply Pay a Bill

Many consumers complained to CR about the proliferation of junk fees for simply making a payment on a bill or paying rent. While these fees may seem small, they quickly add up and represent an additional economic burden on many households. Retailers, landlords, government agencies and others should be required to provide options for payment that are free from additional fees for paying a bill. We urge the FTC to investigate this key issue further, and to consider ways to address it in the junk fee rule. Judging from the stories we received, this issue really matters to consumers and deserves greater attention across the wide range of transactions that consumers engage in.

Vera from Bowman, South Carolina said:

> When you pay a utility bill online, then there's the 2% to 3% payment/service fee on addition to your high bills.

Linda from Livingston, New Jersey said:

> Having to pay a "convenience fee" when paying a bill online is ludicrous! These companies charging them should be paying the consumer these fees, since paying online saves the companies the hassle of opening envelopes, matching checks to bills, and all additional processing.

Linda from Clearwater, Florida said:

> It cost me $12 for the "convenience" of paying my car payment.

Shakearah from Baltimore, Maryland said:

> I have to pay fees for pay rent, paying cellphone bills, cable television, utilities and it all totals over $65 monthly. The fees are all allegedly for processing payments but I find it to be ridiculous because in the past fees were hardly ever a practice. Fees are just another money grab for greedy companies and it needs to end!

Jerry from Roselawn, Indiana said:

> I see people complaining about fees to pay on-line. My utilities charge a fee to mail a bill. I won't sign up for the auto withdrawals because none of the auto payment agreements are listing a guarantee that if they or an employee take too much money they will refund it.

Nancy from Potomac, Maryland said:

> I was happy to learn I could make my year end quarterly Federal tax payment of $2,700, to the IRS, on line. But when I went to actually do it on line, there was a percentage fee that was going to amount to $50!! I quickly changed my tune, got the 1040-ES payment form and mailed it in to the IRS with my old fashioned check for the cost of a simple stamp and envelope.

Teresa from Burbank, Illinois said:

> I hate fees, especially when I pay a bill. I'm paying my bill with my money, why should I be charged a fee?! The worst is the utility companies and cable companies. I do not think this is fair since I am already paying a bill for their services. The companies have chosen to take my payment on line and suggest it when I sign up for their services. It's very unfair and eats in to my budget.

Scott from Cambridge, Massachusetts told us:

> The corporate management company of my apartment building is now equating that rent payment be remitted online only. They are touting this change as them going "paperless.” The catch is that we must pay an additional fee each month in order to pay rent.

Mike from Saint Simons, Georgia said:

> All add-on fees are egregious. Paying by auto-check online is really terrible. I know it's due to paying thru 3rd party site, but can't that be lowered to a few cents? Can't get to the places to pay in person.

Enid from Pueblo, Colorado said:

> I think we're kidding ourselves to believe that we won't pay fees if a rule like this is implemented. We'll still pay many of them, but they'll be included in the cost of the services you are using. Which is okay, as long as what you pay is clearly visible on the quote or estimate of the bill before you pay it. Right now, there is really no standard to show what you will pay in most industries. Some car rental companies show you the 'rate' and then the estimated total, some don't. Same with various types of telecom and media companies. It makes it impossible to compare apples to apples as the total price we pay for something may be higher than the competition. Leaving it up to the companies or their sales people is not a good way to operate.

Mary from El Cajon, Colorado said:

> I definitely am negatively impacted by add on fees. But to quantify the impact is next to impossible because the fees are cleverly disguised. This makes it difficult to determine what the fee is actually for. This applies to my cable, phone, travel, rental cars, as well as some airline fees, etc. In addition, I make automatic payments online which is convenient, but I admittedly don't carefully review a bill as I did with a paper bill. Makes it very simple for companies to add these deceptive fees. Please help.

Kate from Mt. Healthy, Ohio said:

> I am disabled and [live on a] fixed income every month, so fees on everything from groceries (that I have t hoave delivered), tacked onto my Internet, phone, utilities, and even to just pay by check for my rent!I could go on and on about all of the fees I deal with, but the reality is that it boils down to more and more companies and utilities realizing that they can quickly add on a few dollars that add up to huge amounts in the end, and get away with it, because consumers have nothing they can do to fight these extra charges.

G. Car Purchase Fees

Consumers also encounter many hidden and expected fees when they are purchasing new and used cars, which the FTC is addressing through its proposed rule on bait-and-switch and deceptive selling practices.

In the January 2023 Junk Fee stories collected by CR, several consumers complained about unexpected fees during car buying transactions.[56] They noted that some dealers have been adding steep vehicle markup charges over MSRP. In addition, another commenter pointed out that some manufacturers are adding expensive monthly subscriptions for heated seats, GPS and cruise control options, which results in additional vehicle operating costs.

John from Albuquerque, New Mexico said:

> The auto purchase experience is stressful on so many levels. After you've negotiated a price and relaxed because it's all over, the smiling finance person adds a document fee that could be as high as a thousand dollars or more. These fees didn't exist at one time, but now dealers insist it's the cost of doing business. The MSRP is supposed to cover all aspects of the purchase. If the inventory is plentiful, you might get a discount. If(like the last two years) vehicles are difficult to come by, you may pay a bit more. However, the doc fee is simply extra profit charged to the unwary. It's not fair.

Paula from Chesterton, Indiana told us:

> I wanted to purchase a new car. Every dealer was adding a market adjustment of 3000.00 to 5000.00 over the sticker price.

[56] See Appendix A. See also additional stories collected by Consumer Reports regarding vehicle price markups, unfair add-on charges and junk fees at Consumer Reports Comment to FTC regarding the proposed Motor Vehicle Trade Dealers Rule, FTC Docket FTC-2022-0046, September 12, 2022, available at: https://downloads.regulations.gov/FTC-2022-0046-7520/attachment_2.pdf

Robert from El Prado, New Mexico said:

> There seems to be a growing trend among automobile manufacturers to charge subscription fees to use options for which you have presumably already paid; for example: heated seats, adaptive cruise control, lane keep assist, etc. Combining this with creative bundling could add a huge expense to your annual operating costs. This is a practice that needs to be stopped before it becomes universal!

III. CONCLUSION AND RECOMMENDATIONS

As the FTC reviews the issue of junk fees, CR urges you to please consider effective ways to protect consumers against excessive, unexpected and hidden fees, and to create greater transparency and accountability to help customers compare their product and service choices. Ideally, junk fees that add little or no value to a product offering, or would be reasonably thought to be included in the base price for a product or service should be banned. Therefore, where possible, FTC should consider ways to ban, eliminate and reduce excessive, predatory and/or inappropriate fees for services of dubious, questionable or nonexistent value, especially where such fees distort competition, diverge sharply from market norms, and/or are contrary to ethical business practices.

Failing that, all fees for any product or service should be clearly disclosed in plain and understandable language, in a standardized format that consumers can obtain and review before deciding to use that product or service. In addition, any allowable fees should be fairly disclosed upfront, and bear a reasonable and proportionate relationship to the underlying costs of providing the particular service for which they are charged.