



Written by [David Kelly](#) on October 11, 2023

## White House Announces Proposed “Junk Fee” Rule

The White House [announced](#) a proposed [rule](#) on Wednesday that is intended to prohibit businesses from hiding junk fees while ostensibly bringing down costs for American consumers. The Federal Trade Commission (FTC) estimates that these junk fees can cost consumers tens of billions of dollars per year in unexpected costs.

Last October, President Biden [ordered](#) his administration to crack down on junk fees as “research shows that fees charged at the back-end of the buying process make it harder to comparison shop for the best deal and lead to consumers paying upward of [twenty percent more](#).”



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According to a FTC [press release](#), the agency sought public input last year “on whether a rule would help to eliminate these unfair and deceptive charges.” The FTC received more than 12,000 comments, which made clear that “consumers are fed up with hidden fees for everything from booking hotels and resort fees to buying concert tickets online, renting an apartment, and paying utility bills.” The press release added that “many consumers said that sellers often do not advertise the total amount they will have to pay, and disclose fees only after they are well into completing the transaction. They also said that sellers often misrepresent or do not adequately disclose the nature or purpose of certain fees, leaving consumers wondering what they are paying for or if they are getting anything at all for the fee charged.”

Those comments led to the proposed rule, which according to the FTC, would “ban the following junk fee practices that consistently confuse and trick consumers”:

- **Hidden Fees.** Consumers told the FTC that dishonest businesses routinely engage in bait-and-switch pricing tactics that hide mandatory fees and deceive consumers about the price. This is because fees imposed later, but before the purchase is made, significantly increase the total that consumers pay. Accordingly, the proposed rule would prohibit businesses from advertising prices that hide or leave out mandatory fees; and
- **Bogus Fees.** Many consumers also said that they often do not know what fees are for, because dishonest businesses routinely misrepresent or fail to adequately disclose the nature or purpose of the fees. The rule would prohibit sellers from misrepresenting fees and require them to disclose upfront the amount and purpose of the fees and whether they are refundable.

The White House [stated](#) that the proposed junk-fee rule “would apply to industries across the economy, including event tickets, hotels and lodging, apartment rentals, car rentals, and more.” Companies that fail to comply with the proposed rule, once it is finalized, “could face monetary penalties and have to provide refunds to consumers.”

The FTC shared that other federal agencies and organizations helped develop the proposed rule, “including the Consumer Financial Protection Bureau (CFPB), the Federal Communications Commission



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(FCC), the Department of Housing and Urban Development (HUD), and the Department of Transportation (DOT)."

"Americans are fed up with the junk fees that are creeping across the economy," [said](#) CFPB Director Rohit Chopra. "The FTC's proposed rule will protect families and honest businesses from race-to-the-bottom abuses that cost us billions of dollars each year. If finalized, the CFPB will enforce the rule against violators in the financial industry and ensure that these firms play fairly."

In the [press release](#), FCC Chairwoman Jessica Rosenworcel stated that "consumers deserve to know exactly what they are paying for when they sign up for communications services. But when it comes to these bills, what you see isn't always what you get." Rosenworcel added that "consumers have often been saddled with additional junk fees that may exorbitantly raise the price of their previously agreed-to monthly charges. To combat this, we're implementing Broadband Consumer Labels, a new tool that will increase price transparency and reduce cost confusion, help consumers compare services, and provide 'all-in pricing' so that every American can understand upfront and without any surprises how much they can expect to be paying for these services."

Since the Biden administration began cracking down on junk fees last year, Ticketmaster and mobile ticket vendor SeatGeek have [reportedly](#) voluntarily agreed "to no longer hide fees from total ticket costs."

U.S. Transportation Secretary Pete Buttigieg stated in the press release, "at DOT, we have secured commitments from major U.S. airlines to provide free rebooking, meals, and hotels when they are responsible for stranding passengers. We're working to stop airlines from forcing parents to pay to sit next to their kids and requiring them to disclose hidden fees for things like extra bags. And we've helped secure billions of dollars in refunds for passengers whose flights are cancelled."

The proposed rule entitled "[Rule on Unfair or Deceptive Fees](#)" was published in the Federal Register on Wednesday. Consumers have until December 10 to [submit comments](#) on the proposed rule.

Rather than helping consumers, the rule will likely lead to businesses trying to make up any lost revenue by charging higher prices elsewhere. This is just another example of unconstitutional government meddling in the economy that, in the end, will do little to help consumers but will give bureaucrats a lot more power.



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