On June 23, the FTC proposed a rule that would prohibit junk fees, bait-and-switch advertising, and other deceptive practices by auto dealers to protect consumers and honest dealers in the car-buying process. The proposed measures would:

- **Bait-and-switch claims** – Prohibit car dealers from making deceptive advertising claims to lure in prospective buyers with respect to vehicle cost, terms of financing, availability of discounts and rebates, actual availability of cars advertised, and other aspects.

- **Junk fees** – Prohibit car dealers from charging junk fees for fraudulent add-on products and services that provide no benefit to the consumer, and from charging add-on fees without clear, written consent from the consumer.

- **Disclosures of costs and conditions** – Require car dealers to make key
disclosures to consumers, such as:

- the full price a consumer would actually pay for a car (excluding only taxes and government fees);
- optional add-on fees, including the fact that they are not required as a condition of purchase or lease; and
- information related to financing terms.

In announcing the proposal, the FTC cites to the recent surge in auto prices, and the fact that despite its law enforcement efforts, consumer complaints related to automobiles is one of the top ten types of complaints it receives, totaling over 100,000 complaints annually over the past three years. With this proposal, the FTC aims to provide consumers key protections and estimates that the net economic benefit of the rule would be more than $29 billion over ten years.

**Putting It Into Practice:** This proposed rule is in line with the Commission’s recent enforcement efforts in combating deceptive advertising and illegal tactics used by auto dealers in the car buying process. (See our posts on FTC enforcement activity [here](https://www.natlawreview.com/article/ftc-targets-junk-fees-bait-and-switch-advertising-auto-dealers) and [here](https://www.natlawreview.com/article/ftc-targets-junk-fees-bait-and-switch-advertising-auto-dealers)). In light of the Commission’s focus on the auto industry, dealers should review their advertising and other business practices to ensure compliance with consumer protection and advertising laws, and continue to monitor FTC activity for any updates to the proposed rule-making.

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National Law Review, Volume XII, Number 188