

## **Alert** | Financial Regulatory & Compliance



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### **FTC Issues FAQs on ‘Junk Fees’ Rule**

The Federal Trade Commission’s [Rule on Unfair or Deceptive Fees](#), sometimes called the “Junk Fees Rule,” took effect on May 12, 2025. In advance of that effective date, the FTC published [Frequently Asked Questions](#) (FAQs) to provide guidance to consumers and businesses regarding the Rule.

In a [press release](#) announcing the FAQs, the FTC reiterated that the Rule “prohibits bait-and-switch pricing and other tactics used to hide total prices and mislead people about fees in the live-event ticketing and short-term lodging industries,” and also said that the Rule “furthers President Trump’s [Executive Order on Combating Unfair Practices in the Live Entertainment Market](#) by ensuring price transparency at all stages of the live-event ticket-purchase process, including the secondary ticketing market.”

The reference to Trump’s executive order indicates that while the Biden administration started the war on so-called junk fees, the Trump administration will continue it, though potentially with a more restrained strategy.

#### **The FAQs**

The FAQs represent the FTC “staff’s views” on the Rule and its requirements. While those views are not binding on the Commission, every business subject to the Rule—or to any unfair or deceptive acts or practices (UDAP) standard—should review the FAQs, which provide insight into how the FTC and other consumer protection agencies may view fees and fee disclosures. This GT Alert summarizes several of the key points FTC staff made in the FAQs.

### *What Businesses Does the Rule Cover?*

The FAQs explain that businesses selling live-event tickets and short-term lodging are covered by the Rule, and that the Rule covers both individual (B2C) and business (B2B) transactions.

### *What Are the Rule's Basic Requirements?*

- The FAQs explain that the Rule requires businesses to disclose the “total price,” which includes “all charges or fees the business knows about and can calculate upfront, including charges or fees for mandatory goods or services people have to buy as part of the same transaction,” but not taxes or other government charges, shipping charges, or charges for optional goods or services that may be purchased as part of the same transaction.
- The FAQs explain that the total-price disclosure must be upfront and more prominently displayed than other price information (except the final amount of payment, as described below) and that excluded charges must be disclosed before the business asks for payment.
- The FAQs explain that businesses “must tell the truth about information it’s required to disclose, like how much it’s charging and why” and avoid vague phrases like “convenience fees,” “service fees,” or “processing fees.”

### *Which Mandatory Fees or Charges Must Be Included in a Business's Displayed Total Price?*

The FAQs explain that businesses must include in the total price “all fees or charges” (other than government charges and shipping charges) that:

- people are required to pay, “no matter what”;
- people cannot reasonably avoid (the FAQs provide as an example credit card processing charges where there is no other viable payment option);
- people are charged for ancillary goods or services that must be purchased “to make the underlying good or service fit for its intended purpose, which reasonable consumers would expect to be part of the purchase”; or
- people cannot “effectively agree to because the business employs practices such as default billing, pre-checked boxes, or opt-out provisions.”

### *Can a Business Itemize Mandatory Fees or Charges?*

The FAQs explain that businesses can itemize mandatory fees or charges so long as the itemization does “not overshadow the total price,” is truthful, and does not misrepresent fees.

### *Which Fees or Charges Can Businesses Exclude from the Total Price?*

The FAQs explain that businesses may only exclude “government charges, shipping charges, and fees or charges for optional ancillary goods or services that people choose to add to the transaction.” But the FAQs also explain that any excluded fees must be disclosed in the final payment amount that must be presented before the consumer is asked to pay, along with “the nature, purpose and amount of the [excluded] fee or charge” and “the good or service for which the [excluded] fee or charge is imposed.”

*When Must a Business Disclose the Final Amount of Payment, Including Fees or Charges It Excluded from the Total Price?*

The FAQs explain that businesses must clearly, conspicuously, and prominently disclose the final amount of payment—that is, the total price plus any charges excluded from the total price—“before asking people to pay.” The final amount of payment must be disclosed “as prominently as, or more prominently than,” the total price.

*Can Businesses Charge Credit Card Surcharges and Other Payment Processing Fees and, if So, Can They Exclude Such Fees from the Total Price?*

The FAQs explain that businesses may “charge or pass through credit card or other payment processing fees if otherwise permitted by law,” but that, if a business that “requires people to pay with a credit card, the credit card fee is mandatory and must be included in the total price.”

*What Happens if a Business Violates the Rule?*

The FAQs explain that businesses that violate the Rule “could be ordered to bring their practices into compliance, refunds money back to consumers, and pay civil penalties.”

## **Takeaways**

State and federal consumer protection agencies remain focused on so-called “junk fees,” with new investigations opening at a regular clip. Given that focus, businesses should watch for “junk-fee” related developments at both the state and federal levels and fine-tune their compliance programs in light of those developments.

We have provided ongoing analysis and commentary regarding junk-fee-related developments, including the developments addressed in our prior client alerts and blog posts:

- [FTC Alleges Fintech Cleo AI Deceived Consumers](#) (March 31, 2025)
- [FTC Alleges Fintech Dave, Inc. Deceived Consumers](#) (Nov. 15, 2024)
- [FTC Targets Adobe for Hidden Fees and Deceptive Subscriptions](#) (July 9, 2024)
- [CFPB Launches Public Inquiry into Rising Mortgage Closing Costs and ‘Junk Fees’](#) (June 4, 2024)
- [FTC Takes Action Against Doxo, Citing Junk Fees](#) (June 3, 2024)
- [California AG Publishes FAQs on California’s ‘Junk Fee’ Law](#) (May 30, 2024)
- [Tim Butler Quoted in LA Times Article on California ‘Junk Fees’](#) (Apr. 11, 2024)
- [CFPB Releases Report Highlighting Junk Fees on Mortgage Servicing](#) (March 23, 2024)
- [CFPB Unveils Final Rule Banning ‘Excessive’ Credit Card Late Fees](#) (Mar. 13, 2024)
- [CFPB Issues Proposed Rule to Stop ‘Junk Fees’ on Bank Accounts](#) (Feb. 1, 2024)
- [California Bans Hidden Fees, Effective July 1, 2024](#) (Oct. 17, 2023)
- [FTC Proposed Rule Targeting ‘Junk Fees’](#) (Oct. 16, 2023)
- [CFPB Issues Advisory Opinion on ‘Illegal Junk Fees’ By Large Financial Firms](#) (Oct. 12, 2023)

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