

Google settles with FTC over in-app charges

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Chris Yerga, engineering director of Google, introduces some features of Google play during Google's annual developer conference at the Moscone Center in San Francisco on June 27, 2012

Google has agreed to pay full refunds totaling at least \$19 million to consumers who were charged for purchases that children made via apps without parental consent from the Google Play app store.

The settlement is part of the third case by the Federal Trade Commission about unauthorized in-app purchases made by children. It settled with

Apple for \$32.5 million in January and it filed a complaint against Amazon, which has said it won't settle over the charges.

In Google's case, the FTC said that since 2011, consumers have reported children had made unauthorized charges ranging from 99 cents to \$200 within kids' apps downloaded from the Google Play store.

Most interaction with online services on mobile devices occurs through apps, as opposed to a Web browser, according to comScore. The firm estimates seven out of every eight minutes of media consumption on mobile devices is done through an app. In the U.S., comScore estimates that the Android operating system covers 83.8 million smartphone subscribers vs. 67.4 million on iPhones.

According to the FTC complaint, when Google introduced in-app charges to the Google Play in 2011, they were not password protected. As a result, children could buy virtual items just by clicking on popup boxes within an app while they used it. In mid- to late-2012, Google instituted a pop-up box that asked for a password before a payment could be made but that still opened up a 30-minute window during which a password wasn't required.

"For millions of American families, smartphones and tablets have become a part of their daily lives," said FTC Chairwoman Edith Ramirez. "As more Americans embrace mobile technology, it's vital to remind companies that time-tested consumer protections still apply, including that consumers should not be charged for purchases they did not authorize."

The settlement will require Google to provide full refunds of unauthorized in-app charges incurred by children of at least \$19 million within 12 months after the settlement becomes final.

Google is also required to change its billing practices to obtain express, informed consent from consumers before billing them for in-app charges.

"We've already made product changes to ensure people have the best Google Play experience possible," Google said in a statement. "We're glad to put this matter behind us so we can focus on creating more ways for people to enjoy all the entertainment they love."

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