

FTC sues DirecTV, alleges hidden fees and deceptive ads

March 11 2015, by Jennifer C. Kerr



In this May 6, 2010 file photo, a DirecTV satellite dish is attached to a roof at a home in Palo Alto, Calif. The government is taking the nation's biggest satellite TV provider to court, accusing DirecTV of misleading millions of consumers about the cost of its programming. The Federal Trade Commission said Wednesday that its complaint charges DirecTV Inc. with deceptively advertising a discounted 12-month programming package. Consumers weren't clearly told that the package requires a two-year contract, the commission said. (AP Photo/Paul Sakuma, File)

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The Federal Trade Commission said Wednesday that its complaint charges DirecTV Inc. with deceptively advertising a discounted 12-month programming package. Consumers weren't clearly told that the package requires a two-year contract, the commission said.

The advertising, the FTC said, did not make clear that the cost of the package would increase by up to \$45 more per month in the second year and that hefty early cancellation fees—up to \$480—would apply. The allegations of deceptive advertising date back to 2007 and cover more recent marketing campaigns, such as one in late 2014 that offered the company's subscription service on a limited basis for "only \$19.99" a month.

"We require businesses to be truthful and to give consumers the information they need to make informed choices about goods and services," said Jessica Rich, head of the agency's consumer protection bureau. "Companies can't hide important information from consumers to trick them into buying goods and services—and that's what we allege DirecTV did."

DirecTV denied the charges.

The company says it's made a number of improvements to make the ordering process as clear as possible, eliminated some promotions that may have been confusing to consumers, and prominently disclosed introductory pricing terms.

DirecTV said many customers shop online, but the vast majority place their order by phone. All the details about terms and conditions are

verbally communicated during the phone call and customers are asked to acknowledge that they understand the terms, the company said.

The FTC's Rich said the commission would seek refunds for consumers. She did not say exactly how many people were involved but said a large portion of the company's more than 20 million U.S. subscribers were affected.

The FTC also took issue with DirecTV's trial offers of premium channels, such as HBO and Cinemax. Consumers weren't properly told that they would incur significant monthly fees if they didn't cancel the trial offer before the three months were up, the FTC said.

California-based DirecTV has been in trouble with the FTC before. The company paid a \$5.3 million settlement in 2005, and then a \$2.3 million settlement in 2009—both over telemarketing calls to consumers.

The FTC complaint over DirecTV's marketing practices was filed in federal court in San Francisco.

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Citation: FTC sues DirecTV, alleges hidden fees and deceptive ads (2015, March 11) retrieved 1 May 2024 from <https://phys.org/news/2015-03-ftc-directv-court-alleges-deceptive.html>

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