

Lumosity to pay \$2M to settle deceptive ad allegations

January 5 2016, byMatthew Perrone

The developer of Lumosity "brain training" games will pay \$2 million to settle federal allegations that it misled customers about the cognitive benefits of its online apps and programs.

The Federal Trade Commission said Tuesday the company's advertisements deceptively suggested that playing the games a few times a week could boost performance at work, in the classroom and even delay serious conditions like dementia. Under the settlement, Lumos Labs must contact its customers and offer them an easy way to cancel their subscriptions.

The San Francisco company frequently promoted its games through national TV and radio stations including CNN, Fox News and National Public Radio. The company also used Google advertising services to drive traffic to its website, the FTC said in a statement.

"Lumosity preyed on consumers' fears about age-related cognitive decline, suggesting their games could stave off memory loss, dementia, and even Alzheimer's disease," said Jessica Rich, a director in FTC's consumer protection unit. "But Lumosity simply did not have the science to back up its ads."

Customers pay anywhere from \$15, for a monthly subscription, or up to \$300 for lifetime access to Lumosity's online and mobile apps.

An FTC spokesman said Tuesday's action is the first government

settlement with a maker of apps intended to boost brain health. Previous settlements have involved makers of dietary supplements and other products intended to boost mental performance. The government agency, which regulates consumer advertising, plans to refund the \$2 million to Lumosity customers. The agency initially obtained a \$50 million judgment against Lumos Labs, but the amount was downsized because of company's inability to pay.

Lumosity is one of the most visible services in the burgeoning [brain training](#) industry, which has estimated sales of over \$1 billion per year, according to trade publications.

Under federal law, only products that have been reviewed by the Food and Drug Administration can claim to treat or prevent serious diseases or conditions. To date, the FDA has not approved any brain training programs.

In 2014, more than 70 prominent neurology and psychology researchers published a consensus statement critical of the brain training industry, citing its "frequently exaggerated" marketing.

"The aggressive advertising entices consumers to spend money on products and to take up new behaviors, such as gaming, based on these exaggerated claims," the experts said.

While studies have shown that gaming participants can improve their performance on simple tasks, the experts concluded there is no compelling evidence that games "reduce or reverse cognitive decline."

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