

**Analysis of Proposed Consent Order to Aid Public Comment**  
***In the Matter of National Payment Network, Inc.***  
***File No. 132 3285***

The Federal Trade Commission (“FTC”) has accepted, subject to final approval, an agreement containing a consent order from National Payment Network, Inc., also known as NPN, Inc. The proposed consent order has been placed on the public record for thirty (30) days for receipt of comments by interested persons. Comments received during this period will become part of the public record. After thirty (30) days, the FTC will again review the agreement and the comments received, and will decide whether it should withdraw from the agreement and take appropriate action or make final the agreement’s proposed order.

The respondent is a company that offers an auto payment program to consumers financing a motor vehicle. The matter involves its advertising of the auto payment program to consumers. According to the FTC complaint, respondent has represented that consumers who enroll in its biweekly payment program in order to pay off their auto-financing contract will save money, often including a specific amount of savings in interest. Respondent failed to disclose, however, that it charged fees that in many cases offset any savings under the program, and also failed to disclose the total amount of these fees. These facts would be material to consumers in their decision to enroll in respondent’s biweekly payment program. The complaint alleges therefore that respondent’s failure to disclose the above-mentioned facts is a deceptive practice in violation of Section 5 of the FTC Act.

The proposed order is designed to prevent respondent from engaging in similar deceptive practices in the future. Section I prohibits respondent from representing that a payment program or add-on product or service will save consumers money, including interest, unless the amount of savings is greater than the total amount of fees associated with the product or service or any qualifying information is clearly and conspicuously disclosed. Section I also prohibits respondent from representing that a payment program or add-on product or service will save any consumer a specific amount of money, including interest, unless the specified amount is the amount of savings after deducting any fees or any qualifying information relating to savings is clearly and conspicuously disclosed.

Section II of the proposed order prohibits respondent from making misrepresentations related to any payment programs, including regarding the existence, amount, timing, or manner of any fees, the program’s benefits, performance, or efficacy, or the ability of any payment program to affect consumer credit.

Section III of the proposed order prohibits respondent from making misrepresentations related to any add-on products or services, including regarding the total costs of the add-on and the benefits, performance, or efficacy of the add-on, any restrictions or conditions associated with the add-on, the nature or terms of any refund, cancellation, or exchange of an add-on and that any add-on product can improve, repair or otherwise affect a consumer’s credit.

Section IV requires respondent to substantiate any representations about the benefits, performance or efficacy of any add-on product or service or any payment program.

Section V prohibits respondent from collecting cancellation fees from consumers who have finished paying off their financing contract through NPN's Plan.

Section VI of the proposed order requires respondent to pay consumers two million four hundred and seventy-five thousand dollars (\$2,475,000.00) in monetary relief. The proposed order permits respondent to pay the monetary relief amount by: (1) refunding customers a total of \$1,526,000.00 within thirty days of service of the order; (2) waiving an additional \$949,000.00 in fees for current customers. If respondent is unable to provide refunds or fee waivers in the stated amount, it must remit the balance to the Commission.

Section VII of the proposed order requires respondent to keep copies of relevant advertisements and materials substantiating claims made in the advertisements. Section VIII requires that respondent provide copies of the order to certain of its personnel. Section IX requires notification of the Commission regarding changes in corporate structure that might affect compliance obligations under the order. Section X requires the respondent to file compliance reports with the Commission. Finally, Section XI is a provision "sunsetting" the order after twenty (20) years, with certain exceptions.

The purpose of this analysis is to aid public comment on the proposed order. It is not intended to constitute an official interpretation of the complaint or proposed order, or to modify in any way the proposed order's terms.