



# 2020 FTC Annual Report on Refunds to Consumers

Office of Claims and Refunds, Bureau of Consumer Protection

Federal Trade Commission



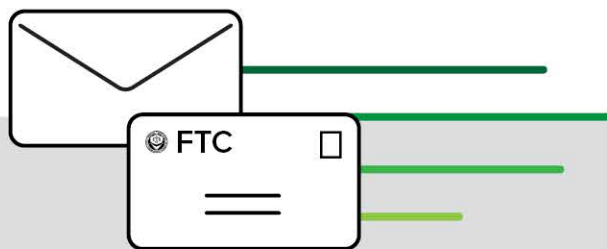
# FTC Refunds to Consumers

January 1, 2020 – December 31, 2020

**\$483**  
MILLION  
in refunds\*

**\$106.8**  
MILLION  
in refunds  
directly from FTC

**1.7**  
MILLION  
PEOPLE  
cashed FTC  
payments

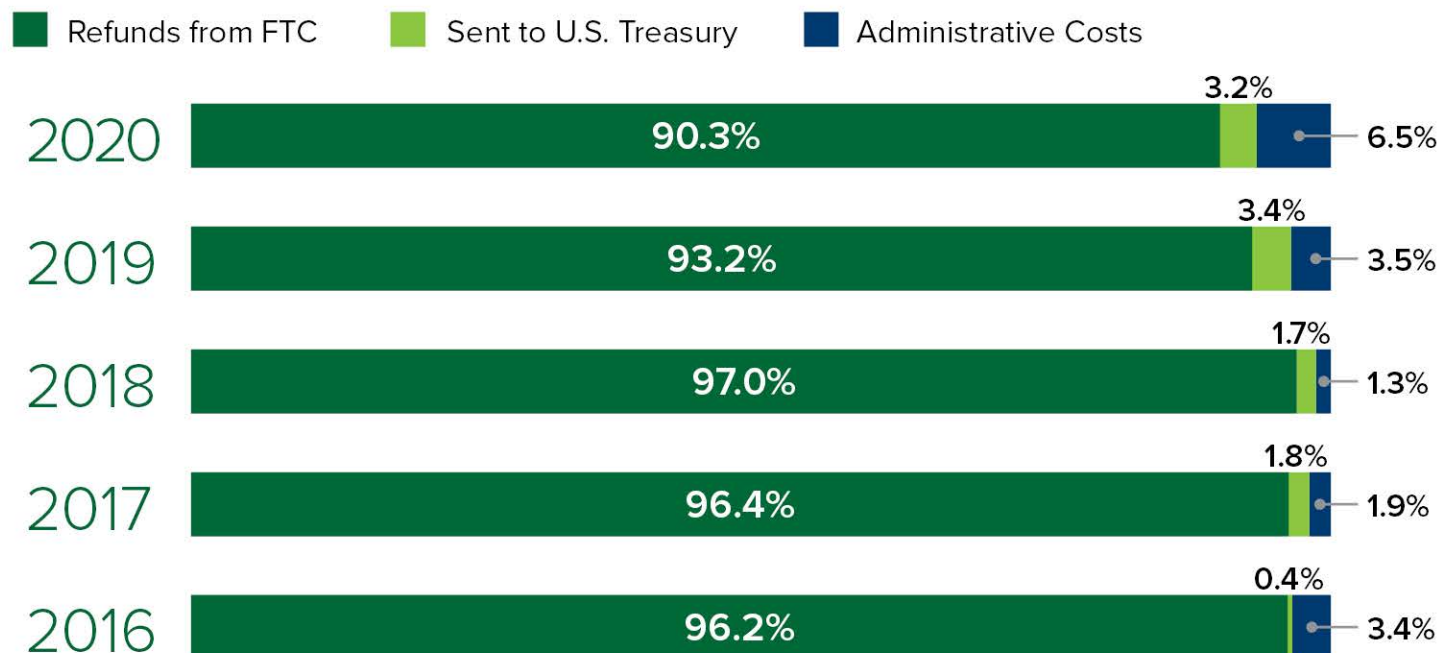


Source:  
Federal Trade Commission  
[FTC.gov/exploredata](https://www.ftc.gov/exploredata)

**\$3.8**  
MILLION  
sent to  
U.S. Treasury

**\$7.7**  
MILLION  
paid for  
administrative costs

## Refund Breakdown



\*This total includes money returned to consumers as a result of all FTC cases, including refund programs administered by defendants and other federal agencies. The amount sent to the U.S. Treasury does not include civil penalty judgments.

# FTC Refunds to Consumers

The goal of FTC law enforcement actions is to stop illegal practices, and when possible, get refunds to people who lost money.

Once an FTC lawsuit or settlement is final and the defendants have paid the money the court orders, the Bureau's Office of Claims and Refunds develops a plan for returning that money to the right people. If there is money left over at the conclusion of the refund program, or if there is not enough money to provide meaningful refund amounts, then the FTC sends the money to the U.S. Treasury, where it is deposited into the General Fund. Learn more about [the refund process](#).

Data on FTC refunds are available in interactive online dashboards. Users can explore refund data [by case](#) or [by year](#) to learn about **where** refunds were sent, the **dollar amounts** refunded, and the **number of people** who benefited from FTC refund programs.

## How the FTC Provides Refunds

Success in getting refunds to people depends principally on whether the FTC has a reliable list of customers, including their contact information and the amount of money they spent. In more than 80% of our cases, the FTC has this information, and it mails checks out to a list of known customers. In other cases, there is no list of known customers or there is insufficient contact information, and the agency must use a claims process to identify people who should receive a refund. There are at least six steps involved in every refund program:

1. Identify who is eligible for a refund.
2. Determine how the money will be divided.
3. Send refunds.
4. Update names and addresses as needed.
5. Consider whether an additional check mailing is feasible.
6. Send any remaining money to the U.S. Treasury.

## Identifying who is eligible for a refund

FTC court orders typically require the company to provide a list of customers, their contact information, and how much each customer paid. If the agency obtains a reliable list of eligible recipients, then the agency mails checks directly

to them. During calendar year 2020, in cases where the FTC used company data to mail checks, an average of 70% of people on the list cashed their checks. While the FTC usually sends refunds by check, this year, the agency also used electronic payments in 11 cases to get money back to people when physical mailing addresses were not available. In 2020, an average of 41% of people accepted payments issued to them electronically by the FTC.

Without a list of customers with contact information, getting refunds out may require a claims process. In such cases, the people affected must apply for a refund. The agency might conduct a media campaign and use paid advertisements to let people know that refund money is available and encourage them to visit our website to apply. A claims process typically increases the administrative costs of the refund program. Generally, the FTC receives claims from 5% to 20% of potential claimants. In 2020, the FTC mailed checks in one case with a claims process. The check cashing rate was 97%.

The agency's Consumer Sentinel Network database may be used to find eligible recipients, either as a supplement to data from other sources, or occasionally, as the only source of data. Consumer Sentinel data contains millions of complaints from people who contacted the FTC, the Better Business Bureau, or other federal, state, and local law enforcement offices. The FTC may search for complaints related to the defendants and use the contact information in those complaints to create a list of potential refund recipients. This year, the agency used Consumer Sentinel data as the only source of data for refunds in three cases. In these cases, the average check cashing rate was 91%.

## Determining how the money will be divided

In cases where the court order does not specify the parameters of the refund program, FTC staff determines eligibility criteria and the formula for calculating payments to eligible recipients. In cases where the settlement fund is not large enough to provide full refunds to every customer, the FTC analyzes the data to determine how much individuals will receive. Key factors that influence these decisions include administrative costs, the size of the refund to each recipient, how much variation there is between the lowest and highest loss amounts, and other details about the case. In most FTC cases, the money is distributed on a pro rata basis, meaning that each recipient receives an equal percentage of his or her total loss.

## Sending refunds

The FTC has many mechanisms in place to verify the accuracy of our distributions and to confirm that only the approved recipients receive payment. First, unique identifiers are assigned to each potential claimant at the beginning of the case, which can be used to track the lifecycle of the refund program. FTC staff independently reviews each distribution authorization, checks the proposed list of recipients against the master customer list, and investigates any discrepancies before approving a distribution. The agency also conducts payment audits to verify that only the rightful recipients received payments. In a claims process, we may ask for supporting documents or other information, and we apply analytical tools to root out false claims. Once payments have been sent, the FTC carefully tracks which payments and how much money make it into the hands of affected consumers, and use that information to continually improve our processes. In 2020, the FTC completed 29 first-time mailings for FTC cases.

## Updating names and addresses

A consistent challenge is finding the most current contact information for eligible recipients. Because court cases sometimes take years to resolve, the FTC has several tools for updating addresses.

Before mailing checks, every distribution list is checked against the National Change of Address system, which records change-of-address notices submitted to the U.S. Post Office. When a check is returned as undeliverable, the agency conducts an address search to determine if there is a more recent address for the consumer, and then reissues a new check to the updated address.

## Considering whether an additional check mailing is feasible

After completing several rounds of updating addresses and reissuing payments, as necessary, the FTC considers whether to use any remaining money to send a second round of payments to recipients. For example, recipients might get a 50% refund with the first payment and an additional 10% of their money back with the second payment.

In general, if there are sufficient funds to provide a meaningful refund amount to recipients and to pay for the associated administrative costs, then the FTC sends a second round of payments. The FTC typically enforces a \$10 minimum for

checks we mail. In 2020, the FTC completed subsequent distributions in 20 cases.

## Sending any remaining money to the U.S. Treasury

Whenever possible, the FTC uses the money it collects from defendants to provide refunds to injured consumers and pay the related administrative costs. When a refund program is not feasible or there is money left over after the refund program is complete, the FTC sends unused funds to the U.S. Treasury, per the court order.

In most cases, the agency closes a refund program and sends the remaining money to the U.S. Treasury when there are insufficient funds available for another round of payments, or when known consumers have received full refunds. On average, the money sent to the U.S. Treasury after a refund program is complete accounts for less than five percent of the total funds collected. In fact, over the last five fiscal years (2016-2020), the agency returned over \$1.1 billion to consumers, while sending just \$22.1 million to the U.S. Treasury.

## Refund Programs Administered by FTC Defendants and Other Federal Agencies

In rare circumstances, refunds resulting from FTC enforcement actions are provided directly by defendants or by another federal agency. FTC staff provides consultation and support where the court order requires the defendants—or another federal agency—to conduct a refund program. To protect the interest of affected consumers, the Enforcement Division engages in close oversight and monitoring of the program to ensure it complies with the order. In these cases, FTC staff provides guidance about the proposed refund program to make sure eligible claimants receive plain language instructions about how to apply for a refund. One recent example is the [multi-agency settlement with Western Union](#) that has, so far, resulted in \$300 million returned to people who sent money via Western Union to scammers.

