

**UNITED STATES OF AMERICA
BEFORE THE FEDERAL TRADE COMMISSION**

COMMISSIONERS: **Lina M. Khan, Chair**
 Rebecca Kelly Slaughter
 Alvaro M. Bedoya
 Melissa Holyoak
 Andrew N. Ferguson

In the matter of

H&R BLOCK INC.,
a corporation,

HRB DIGITAL LLC,
a limited liability company, and

HRB TAX GROUP, INC.,
a corporation.

DECISION AND ORDER

DOCKET NO. 9427

DECISION

The Federal Trade Commission (“Commission”) issued a complaint challenging certain acts and practices of the Respondents named in the caption. The Commission’s Bureau of Consumer Protection (“BCP”) filed the Complaint, which charged the Respondents with violations of the Federal Trade Commission Act.

Respondents and BCP thereafter executed an Agreement Containing Consent Order (“Consent Agreement”). The Consent Agreement includes: 1) statements by Respondents that they neither admit nor deny any of the allegations in the Complaint, except as specifically stated in this Decision and Order, and that only for purposes of this action, they admit the facts necessary to establish jurisdiction; and 2) waivers and other provisions as required by the Commission’s Rules.

The Secretary of the Commission thereafter withdrew this matter from adjudication in accordance with Section 3.25(c) of the Commission’s Rules, 16.C.F.R. 3.25(c) (“Rule 3.25”).

The Commission accepted the executed Consent Agreement and placed it on the public record for a period of 30 days for the receipt and consideration of public comments. The Commission duly considered any comments received from interested persons pursuant to Section 2.34 of its Rules, 16 C.F.R. § 2.34. Now, in further conformity with the procedure prescribed in Rule 3.25(f), the Commission makes the following Findings and issues the following Order:

Findings

- A. The Respondents are:
 - 1. Respondent H&R Block, Inc., is a Missouri corporation with its principal office or place of business at One H&R Block Way, Kansas City, Missouri 64105.
 - 2. Respondent HRB Digital LLC is a Delaware limited liability company with its principal office or place of business at One H&R Block Way, Kansas City, MO 64105.
 - 3. Respondent HRB Tax Group, Inc., is a Missouri corporation with its principal office or place of business at One H&R Block Way, Kansas City, MO 64105.
- B. The Commission has jurisdiction over the subject matter of this proceeding and over the Respondents, and the proceeding is in the public interest.
- C. Pursuant to 16 C.F.R. § 2.51, Defendants may petition the Commission for modification of this Order, including but not limited to modification of Section II of this Order to provide any legal obligations enforceable against Intuit, Inc. that are less restrictive than those legal obligations imposed against Defendants pursuant to this Order, arising from Section I of the Commission’s Final Order In the Matter of Intuit, Inc., Docket No. 9408 (issued January 19, 2024) and on petition for review in Intuit, Inc. v. Federal Trade Commission, Case No. 24-60040, pending in the United States Court of Appeals for the Fifth Circuit.

ORDER

Definitions

For purposes of this Order, the following definitions apply:

- A. “Advertisement” means any written or oral statement, illustration, or depiction that promotes the sale or use of a consumer good or service or is designed to increase consumer interest in a brand, good, or service.
- B. “Clear(ly) and Conspicuous(ly)” means that a required disclosure is difficult to miss (i.e., easily noticeable) and easily understandable by ordinary consumers, including in all of the following ways:
 - 1. In any communication that is solely visual or solely audible, the disclosure must be made through the same means through which the communication is presented. In any communication made through both visual and audible means, such as a television advertisement, the disclosure must be presented

simultaneously in both the visual and audible portions of the communication even if the representation requiring the disclosure (“triggering representation”) is made in only one means.

2. A visual disclosure, by its size, contrast, location, the length of time it appears, and other characteristics, must stand out from any accompanying text or other visual elements so that it is easily noticed, read, and understood.
 3. An audible disclosure, including by telephone or streaming video, must be delivered in a volume, speed, and cadence sufficient for ordinary consumers to easily hear and understand it.
 4. In any communication using an interactive electronic medium, such as the Internet or software, the disclosure must be unavoidable.
 5. The disclosure must use diction and syntax understandable to ordinary consumers and must appear in each language in which the triggering representation appears.
 6. The disclosure must comply with these requirements in each medium through which it is received, including all electronic devices and face-to-face communications.
 7. The disclosure must not be contradicted or mitigated by, or inconsistent with, anything else in the communication.
 8. When the representation or sales practice targets a specific audience, such as children, the elderly, or the terminally ill, “ordinary consumers” includes reasonable members of that group.
- C. “Close proximity” means that the disclosure is very near the triggering representation. For example, a disclosure made through a hyperlink, pop-up, interstitial, or similar technique is not in close proximity to the triggering representation.
- D. “Downgrade” means allowing a consumer who is preparing their federal or state tax returns in a DIY Online Product to move to a less expensive DIY Online Product upon request.
- E. “Free” means that the consumer pays nothing for a good or service.
- F. “DIY Online Product” means any DIY online tax preparation products offered by Defendant that allow consumers to prepare and file federal tax returns, state tax returns, or both, by themselves. DIY Online Product does not include any Free DIY online tax preparation product or service provided by Defendants through a third party; any products, services, or features sold or offered within a DIY Online Product, such as Tax Identity Shield; or any product or service offering expert tax assistance, such as Online Assist, Tax Pro Review, or Tax Pro Assist.
- G. “Space-Constrained Advertisement” means any Advertisement that has space, time, format, size, or technological restrictions that preclude the disclosures

required by provision II.B of this Order. Space-Constrained Advertisements do not include Advertisements on the H&R Block website or app, in emails, or on any other advertising platform or medium owned or controlled, directly or indirectly, by Defendants.

- H. “Taxpayer Data” means name, social security number, date of birth, address, phone number, citizenship, marital status, disability status, spouse information, dependent information, military status, student status, filing status, and whether taxpayer has been affected by a federal disaster.
- I. “Respondents” means H&R Block, Inc., HRB Digital LLC, and HRB Tax Group, Inc., their subsidiaries, and their successors and assigns.
- J. “Upgrade” means allowing a consumer who is preparing their federal or state tax returns in a DIY Online Product to move to a more expensive DIY Online Product when consumers indicate they have income, credits, deductions or other aspects of their tax situation not covered by the less expensive DIY Online Product.

Provisions

I. Prohibition Against Certain Downgrading Practices

IT IS ORDERED THAT that Respondents, Respondents’ officers, agents, employees, and attorneys, and all other persons in active concert or participation with them, who receive actual notice of this Order by personal service or otherwise, whether acting directly or indirectly, in connection with the advertising, marketing, promoting, or offering for sale of any DIY Online Product are prohibited from engaging in unfair practices:

- A. Effective January 15, 2025, and until such time as the requirements of Section I.H. are met, failing to provide consumers within the Upgrade prompt the following Clear and Conspicuous notice: “If you decide to downgrade later, your information will not be saved and you’ll need to start over.”
- B. Effective January 15, 2026, failing to provide consumers within the Upgrade prompt Clear and Conspicuous notice that if the consumer returns to their current product they can pick up where they left off in [current product]. But if they downgrade to any other product they will need to reenter everything except their [Taxpayer Data].
- C. Effective January 15, 2025, failing to allow Downgrades where Upgrades are allowed.
- D. Effective February 15, 2025, failing to provide a chatbot or similar automated process to effectuate a Downgrade until such time as the requirements of Section I.E. are met.
- E. Effective January 15, 2026, failing to provide an automated means to effectuate a Downgrade that is persistently available to the consumer within the DIY Online

Products and is easily noticeable to the ordinary consumer by its size, contrast, location, and other characteristics and in the same location as other persistently available menu or product navigation options;

- F. Effective February 15, 2025, requiring any assistance or participation of a customer service agent and/or telephonically accessed IVR system as the sole method to effectuate a Downgrade or Upgrade;
- G. Effective January 15, 2025, failing to provide clear instructions in language understandable to ordinary consumers on how to effectuate a Downgrade or failing to make those instructions easily noticeable to the ordinary consumer by their size, contrast, location, and other characteristics and readily available in the same location Respondents provide other instructions to consumers for the use of a DIY Online Product, including but not limited to “Help” or “Frequently Asked Question” links, customer support chat functions or “Online Virtual Assistants,” or live customer service agents;
- H. Effective January 15, 2026, failing to retain certain information after a consumer effectuates a Downgrade:
 - 1. If a consumer has entered Taxpayer Data in a DIY Online Product and effectuates a Downgrade, failing to retain that Taxpayer Data in the post-Downgrade DIY Online Product; or
 - 2. If a consumer effectuates an Upgrade and later effectuates a Downgrade to the product immediately prior to their most recent Upgrade, failing to retain all information entered by the consumer in the DIY Online Product immediately prior to the most recent Upgrade.

II. Prohibition Concerning “Free” Offers

IT IS ORDERED that, effective 30 days from entry of this Order, Respondents, Respondents’ officers, agents, employees, and attorneys, and all other persons in active concert or participation with them, who receive actual notice of this Order by personal service or otherwise, whether acting directly or indirectly, in connection with the advertising, marketing, promoting, or offering for sale of any DIY Online Product, must not represent that the DIY Online Product is “Free” unless:

- A. Respondents offer the DIY Online Product for Free to all consumers; or
- B. If Respondents do not offer the DIY Online Product for Free to all consumers, the following requirements are satisfied:
 - 1. The Advertisement discloses Clearly and Conspicuously in Close Proximity to the “Free” claim the percentage of U.S. taxpayers (or other U.S. consumers, where the DIY Online Product is not offered exclusively to U.S. taxpayers), expressed in Arabic numerals, that qualify for the product. If the DIY Online Product is not Free for a majority of U.S. taxpayers (or other U.S. consumers,

where the DIY Online Product is not offered exclusively to U.S. taxpayers), the Advertisement may alternatively disclose that a majority of U.S. taxpayers (or other U.S. consumers) do not qualify; and

2. Following the disclosure required in provision II.B.1 of this Order, the Advertisement discloses Clearly and Conspicuously all the terms, conditions, and obligations upon which receipt and retention of the “Free” DIY Online Product are contingent so as to leave no reasonable probability that the terms of the offer might be misunderstood.
- C. If the Advertisement is a Space-Constrained Advertisement, it must include the disclosure required in provision II.B.1. of this Order but need not include the disclosure of all terms, conditions, and obligations required in provision II.B.2. of this Order so long as the Advertisement Clearly and Conspicuously directs consumers to view eligibility requirements on a landing page or webpage on an H&R Block website that Clearly and Conspicuously features the disclosures required in provision II.B.2. of this Order. In addition, if the Space-Constrained Advertisement is online, the consumer must be able to directly reach such landing page or webpage by clicking on (1) a hyperlink identified by the direction to consumers to view the eligibility requirements, or (2) the Advertisement itself. Defendants bear the burden of showing that there is a constraint such that the Advertisement constitutes a Space-Constrained Advertisement.

III. Prohibition Against Misrepresentations

IT IS FURTHER ORDERED that Respondents, Respondents’ officers, agents, employees, and attorneys, and all other persons in active concert or participation with any of them, who receive actual notice of this Order by personal service or otherwise, whether acting directly or indirectly, in connection with the advertising, marketing, promoting, or offering for sale any DIY Online Products, are permanently restrained and enjoined from misrepresenting, expressly or by implication, any material fact concerning any DIY Online Product, including: the price; cost, including total cost; any refund policy; any material restrictions, limitations, or conditions; or any material aspect of its performance, efficacy, nature, or central characteristics.

IV. Monetary Judgment

IT IS FURTHER ORDERED that:

- A. Respondents must pay to the Commission \$7,000,000.
- B. Such payment must be made within 30 days of the effective date of this Order by electronic fund transfer in accordance with instructions provided by a representative of the Commission.

V. Additional Monetary Provisions

IT IS FURTHER ORDERED that:

- A. Respondents relinquish dominion and all legal and equitable right, title, and interest in all assets transferred pursuant to this Order and may not seek the return of any assets.
- B. The facts alleged in the Complaint will be taken as true, without further proof, in any subsequent civil litigation by or on behalf of the Commission to enforce its rights to any payment pursuant to this Order, such as a nondischargeability complaint in any bankruptcy case.
- C. The facts alleged in the Complaint establish all elements necessary to sustain an action by or on behalf of the Commission pursuant to Section 523(a)(2)(A) of the Bankruptcy Code, 11 U.S.C. § 523(a)(2)(A), and this Order will have collateral estoppel effect for such purposes.
- D. All money paid to the Commission pursuant to this Order may be deposited into a fund administered by the Commission or its designee to be used for relief, including consumer redress and any attendant expenses for the administration of any redress fund. If a representative of the Commission decides that direct redress to consumers is wholly or partially impracticable or money remains after redress is completed, the Commission may apply any remaining money for such other relief (including consumer information remedies) as it determines to be reasonably related to Respondents' practices alleged in the Complaint. Any money not used is to be deposited to the U.S. Treasury. Respondents have no right to challenge any activities pursuant to this Provision.
- E. In the event of default on any obligation to make payment under this Order, interest, computed as if pursuant to 28 U.S.C. § 1961(a), shall accrue from the date of default to the date of payment. In the event such default continues for 10 days beyond the date that payment is due, the entire amount will immediately become due and payable.
- F. Each day of nonpayment is a violation through continuing failure to obey or neglect to obey a final order of the Commission and thus will be deemed a separate offense and violation for which a civil penalty shall accrue.
- G. Respondents acknowledge that their Taxpayer Identification Numbers (Social Security or Employer Identification Numbers), which Respondents have previously submitted to the Commission, may be used for collecting and reporting on any delinquent amount arising out of this Order, in accordance with 31 U.S.C. § 7701.

VI. Customer Information

IT IS FURTHER ORDERED that Respondents must directly or indirectly provide sufficient customer information to enable the Commission to efficiently administer consumer redress reasonably related to Respondents' practices alleged in the Complaint. If a representative of the Commission requests in writing any information related to redress, Respondents', subject to applicable law, must work with the Commission to provide it, in the form prescribed by the Commission representative, within 14 days, or such other time to be agreed upon between the Commission and Respondents.

VII. Acknowledgments of the Order

IT IS FURTHER ORDERED that Respondents obtain acknowledgments of receipt of this Order:

- A. Each Respondent, within 10 days after the effective date of this Order, must submit to the Commission an acknowledgment of receipt of this Order sworn under penalty of perjury.
- B. For 5 years after the issuance date of this Order, Respondents must deliver a copy of this Order to: (1) all principals and officers who have responsibilities related to the subject matter of this Order; (2) all employees having managerial responsibilities for DIY Online Products; and (3) any business entity resulting from any change in structure as set forth in the Provision titled Compliance Reports and Notices. Delivery must occur within 7 days after the effective date of this Order for current personnel. For all others, delivery must occur before they assume their responsibilities.
- C. From each individual or entity to which a Respondent delivered a copy of this Order, that Respondent must obtain, within 30 days, a signed and dated acknowledgment of receipt of this Order.

VIII. Compliance Reports and Notices

IT IS FURTHER ORDERED that Respondents make timely submissions to the Commission:

- A. One year after entry of this Order, Defendants must submit a compliance report, sworn under penalty of perjury in which Defendants must: (a) identify the primary physical, postal, and email address and telephone number, as designated points of contact, which representatives of the Commission may use to communicate with Defendants; (b) identify all of Defendants' DIY Online Products businesses by all of their names, telephone numbers, and primary physical, postal, email, and Internet addresses; (c) describe the activities of each business, including the goods and services offered, the means of advertising, marketing, and sales; (d) describe in detail whether and how Defendants are in compliance with each Section of this

Order; and (e) provide a copy of each Order Acknowledgment obtained pursuant to this Order, unless previously submitted to the Commission.

- B. For 20 years after entry of this Order, Defendants must submit a compliance notice, sworn under penalty of perjury, within 14 days of any change in the following: (a) any designated point of contact; or (b) the structure of Defendants or any entity that Defendants have any ownership interest in or control directly or indirectly that may affect compliance obligations arising under this Order, including: creation, merger, sale, or dissolution of the entity or any subsidiary, parent, or affiliate that engages in any acts or practices subject to this Order.
- C. Defendants must submit to the Commission notice of the filing of any bankruptcy petition, insolvency proceeding, or similar proceeding by or against such Defendant within 14 days of its filing.
- D. Any submission to the Commission required by this Order to be sworn under penalty of perjury must be true and accurate and comply with 28 U.S.C. § 1746, such as by concluding: “I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on: _____” and supplying the date, signatory’s full name, title (if applicable), and signature.
- E. Unless otherwise directed by a Commission representative in writing, all submissions to the Commission pursuant to this Order must be emailed to DEbrief@ftc.gov or sent by overnight courier (not the U.S. Postal Service) to: Associate Director for Enforcement, Bureau of Consumer Protection, Federal Trade Commission, 600 Pennsylvania Avenue NW, Washington, DC 20580. The subject line must begin: FTC v. H&R Block, Inc.

IX. Recordkeeping

IT IS FURTHER ORDERED that Defendants must create certain records for 10 years after entry of the Order, and retain each such record for 5 years. Specifically, Defendants must retain the following records:

- A. accounting records showing the revenues from all DIY Online Products ;
- B. personnel records showing, for each employee providing marketing or advertising services relating to the DIY Online Products, that person’s: name; addresses; telephone numbers; job title or position; dates of service; and (if applicable) the reason for termination;
- C. copies or records of all consumer complaints and refund requests concerning the subject matter of this Order, whether received directly or indirectly, such as through a third party, and any response;
- D. all records necessary to demonstrate full compliance with each provision of this

Order, including all submissions to the Commission; and

- E. a copy of each unique Advertisement or other marketing material relating to the DIY Online Products.

X. Compliance Monitoring

IT IS FURTHER ORDERED that, for the purpose of monitoring Defendants' compliance with this Order:

- A. For a period of 3 years after entry of this Order, and within 10 days of receipt of a written request from a representative of the Commission, or such other time as is reasonably necessary to provide such information, Defendants must: submit additional compliance reports or other requested information, which must be sworn under penalty of perjury; appear for depositions; and produce documents for inspection and copying. The Commission is also authorized to obtain discovery, without further leave of court, using any of the procedures prescribed by Federal Rules of Civil Procedure 29, 30 (including telephonic depositions), 31, 33, 34, 36, 45, and 69.
- B. For matters concerning this Order, the Commission is authorized to communicate directly with Defendants. Defendants must permit representatives of the Commission to interview any employee or other person affiliated with Defendants under Defendants' control who has agreed to such an interview. The person interviewed may have counsel present.
- C. The Commission may use all other lawful means, including posing, through their representatives, as consumers, suppliers, or other individuals or entities, to Defendants or any individual or entity affiliated with Defendants, without the necessity of identification or prior notice. Nothing in this Order limits the Commission's lawful use of compulsory process, pursuant to Sections 9 and 20 of the FTC Act, 15 U.S.C. §§ 49, 57b-1.

XI. Order Effective Dates

IT IS FURTHER ORDERED that this Order is final and effective upon the date of its publication on the Commission's website (ftc.gov) as a final order. This Order will terminate 20 years from the date of its issuance (which date may be stated at the end of this Order, near the Commission's seal), or 20 years from the most recent date that the United States or the Commission files a complaint (with or without an accompanying settlement) in federal court alleging any violation of this Order, whichever comes later; *provided, however*, that the filing of such a complaint will not affect the duration of:

- A. Any Provision in this Order that terminates in less than 20 years;
- B. This Order's application to any Respondent that is not named as a defendant in such complaint; and

- C. This Order if such complaint is filed after the Order has terminated pursuant to this Provision.

Provided, further, that if such complaint is dismissed or a federal court rules that the Respondent did not violate any provision of the Order, and the dismissal or ruling is either not appealed or upheld on appeal, then the Order will terminate according to this Provision as though the complaint had never been filed, except that the Order will not terminate between the date such complaint is filed and the later of the deadline for appealing such dismissal or ruling and the date such dismissal or ruling is upheld on appeal.

By the Commission.

April J. Tabor
Secretary

SEAL:
ISSUED: January 7, 2025