

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

COMMISSIONERS: **Lina M. Khan, Chair**
 Noah Joshua Phillips
 Rebecca Kelly Slaughter
 Christine S. Wilson

In the Matter of

**HOMEADVISOR, INC., a corporation,
d/b/a ANGI LEADS,
d/b/a HOMEADVISOR POWERED BY ANGI.**

**Docket No. 9407
Public version**

COMPLAINT

The Federal Trade Commission, having reason to believe that HomeAdvisor, Inc., a corporation, has violated the provisions of the Federal Trade Commission Act, and it appearing to the Commission that this proceeding is in the public interest, alleges:

1. Respondent HomeAdvisor, Inc. (“HomeAdvisor”), also doing business as Angi Leads, also doing business as HomeAdvisor Powered by Angi, is a Delaware corporation with its principal offices or places of business at 3601 Walnut Street, Denver, Colorado 80205 and 14023 Denver West Parkway, Golden, Colorado 80401.
2. HomeAdvisor has marketed, advertised, offered for sale, and sold products to home service providers, including leads, HomeAdvisor memberships, and mHelpDesk.
3. The acts and practices of HomeAdvisor alleged in this complaint have been in or affecting commerce, as “commerce” is defined in Section 4 of the Federal Trade Commission Act.

Summary of the Matter

4. HomeAdvisor collects information about potential customers for home services like kitchen remodels or lawn care, and sells that information to service providers in its network, such as general contractors and gardeners, as leads.

5. HomeAdvisor recruits service providers, primarily small businesses, through marketing materials and [REDACTED] sales agents who call service providers and attempt to persuade them to join HomeAdvisor's network. To join HomeAdvisor's network, a service provider pays an annual membership fee of \$287.99 in addition to paying for each lead, which can range from [REDACTED].

6. Since at least July 2014, HomeAdvisor, through its sales agents and marketing materials, has made representations to service providers about the quality, characteristics, and source of HomeAdvisor's leads that are false, misleading, or unsubstantiated. HomeAdvisor represents that its leads concern people who intend to hire a service provider soon, even though many of them do not. HomeAdvisor represents that service providers will only receive leads that match the types of services they provide and their geographic preferences, even though many service providers receive leads that do not match the types of services they provide or their geographic preferences. HomeAdvisor represents that its leads concern people who knowingly sought its assistance in selecting a service provider, even though many of the leads HomeAdvisor sells are purchased from third parties who collect information from potential customers without first revealing their affiliation with HomeAdvisor. In addition, HomeAdvisor represents to service providers that its leads convert into jobs at rates well above what HomeAdvisor can substantiate.

7. Since at least 2015, HomeAdvisor's sales agents have also misrepresented the cost of an optional one-month subscription to a field service software, mHelpDesk, which assists service providers with tasks like scheduling appointments and processing payments. Whereas HomeAdvisor has represented to service providers that the first month of the mHelpDesk subscription is free with an annual membership, in fact, the first month of the subscription increases the cost of the annual membership by \$59.99.

8. Based on HomeAdvisor's false, misleading, or unsubstantiated representations about the quality, characteristics, and source of HomeAdvisor's leads and the rates at which those leads convert into jobs, service providers agree to join HomeAdvisor's network, paying an upfront (and often inflated) membership fee, followed by additional fees for each lead they receive. Service providers, already busy with the demands of running small businesses, expend precious time following up on leads that are not of the quality HomeAdvisor promises, and still more time seeking, often unsuccessfully, credits and refunds from HomeAdvisor for such leads.

9. HomeAdvisor's deceptive practices have caused service providers to suffer [REDACTED] of dollars of injury.

HomeAdvisor's Business Practices

HomeAdvisor's Lead Product

10. Every year, HomeAdvisor sells [REDACTED] of leads to service providers in its network. [REDACTED] the leads that HomeAdvisor sells consist of information submitted by visitors to HomeAdvisor's website, homeadvisor.com. The website's homepage states: "Find trusted local pros for any home project," and prompts the visitor to answer a series of questions about a

project and provide contact information. A visitor can also browse a directory of service providers on HomeAdvisor's website.

11. Using the information visitors submit to its website, HomeAdvisor sells a variety of lead types to service providers, including "Market Match Leads," "Exact Match Leads," and "Instant Booking Leads."

12. [REDACTED] of the leads HomeAdvisor sells to service providers are Market Match Leads. HomeAdvisor generates Market Match Leads from its website when a visitor follows the prompts and answers several questions about a home project. With the exception of an optional field that allows the visitor to provide further details about the project, the questions are multiple choice with one answer option often pre-selected by default. Based on a subset of the visitor's answers, HomeAdvisor uses an automated matching system to identify service providers in HomeAdvisor's network to whom HomeAdvisor sends the information provided by the visitor as a lead.

13. HomeAdvisor generates Exact Match and Instant Booking Leads from visitors who browse the directory of service providers on HomeAdvisor's website. The directory consists of service provider listings that include a description of each service provider's work and reviews. Many service provider listings also include an appointment calendar. HomeAdvisor generates an Exact Match Lead when a visitor selects a specific service provider from the directory and submits project and contact information directly to that service provider. HomeAdvisor generates an Instant Booking Lead when a visitor makes an appointment with a specific service provider via a web-based application on the directory. Approximately [REDACTED] of the leads HomeAdvisor sells to service providers are Exact Match Leads and approximately [REDACTED] are Instant Booking Leads.

14. In addition to selling leads to service providers that are generated from visitors' interactions with HomeAdvisor's website, HomeAdvisor has resold [REDACTED] of leads that it has purchased from third parties ("affiliates"). Affiliates generate these leads [REDACTED] from web-based forms [REDACTED]

[REDACTED] In many cases, the internet users do not know that their information will be shared with HomeAdvisor until they complete the form, if at all. [REDACTED]

15. HomeAdvisor also sells leads to service providers that are generated when HomeAdvisor customer representatives input information provided over the phone by potential customers of home services. HomeAdvisor's telephone-generated leads [REDACTED]

16. [REDACTED]

17. [REDACTED]

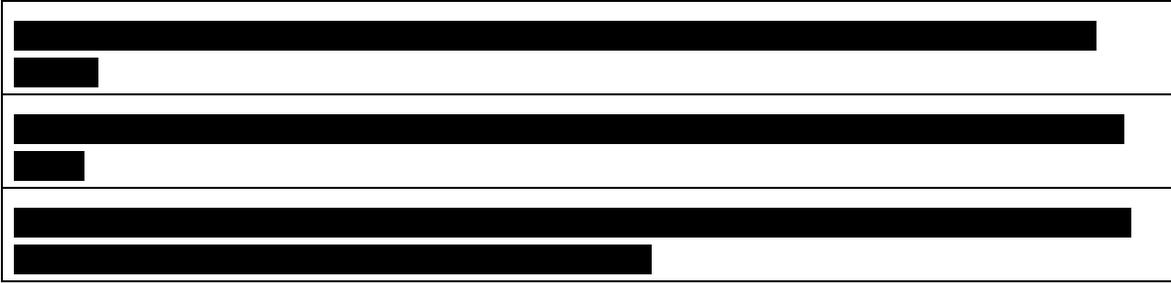
18. In order to receive leads from HomeAdvisor, service providers must first pass a background check and join HomeAdvisor’s network by purchasing a membership. HomeAdvisor regularly sold a membership package for \$347.98 that included a one-month subscription to mHelpDesk, a field service software produced by a subsidiary of HomeAdvisor. After the first month, the mHelpDesk subscription automatically renewed at \$59.99 per month unless service providers cancelled it.

19. Upon purchasing a HomeAdvisor membership, service providers receive leads, including Market Match, Exact Match, and Instant Booking Leads. The price of a Market Match Lead ranges from approximately \$ [REDACTED] to \$ [REDACTED], depending on the type of home project it concerns (e.g., a kitchen remodel will typically be priced higher than house cleaning), and the geographic location of the project. Exact Match and Instant Booking Leads cost fifty percent more than Market Match Leads of the same project type and location. The average price of a lead, across lead types, is approximately \$ [REDACTED].

20. Service providers pay HomeAdvisor for each Market Match, Exact Match, or Instant Booking Lead they receive. Service providers limit the number of Market Match and Exact Match Leads they receive by setting an approximate monthly lead budget in their HomeAdvisor account. [REDACTED]

[REDACTED] HomeAdvisor also allows a service provider to “pause” receiving Market Match, Exact Match, and Instant Booking Leads for a limited time, after which the leads will automatically resume.

21. HomeAdvisor does not allow service providers to preview leads prior to receiving them. If a service provider is dissatisfied with a lead she receives from HomeAdvisor, her primary



26. Indeed, HomeAdvisor has provided its sales agents with a list of marketing claims approved for use in sales calls that include [REDACTED] and [REDACTED]

27. HomeAdvisor’s external marketing materials make similar representations. On its website, HomeAdvisor prominently displays a “How It Works” video for service providers that states, “With HomeAdvisor’s patented ProFinder technology, you’re only matching to serious homeowners in your area.”

28. Another portion of its website represents to service providers: “When you’re a [member of HomeAdvisor’s service provider network], HomeAdvisor matches you with homeowners actively seeking the services you provide in your area.”

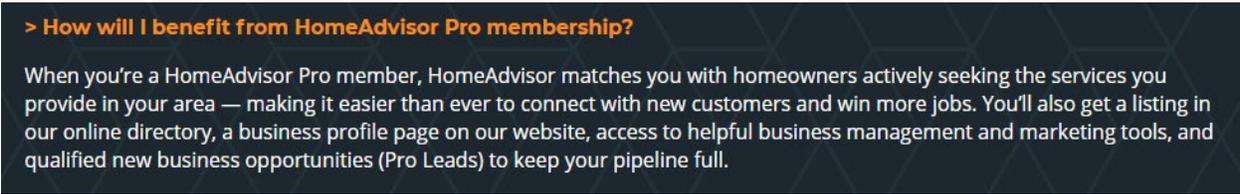


Illustration 1: available at <https://pro.homeadvisor.com/r/membership/#membership> (last visited August 9, 2021)

29. Yet another page on HomeAdvisor’s website states, “You won’t have to waste your time with customers who just window-shop. Angi Leads allows you to spend your time with the right ‘ready-to-buy’ customers.”

Benefits of Joining

Can Angi Leads increase a service professional’s profits?
Absolutely. You won’t have to waste your time with customers who just window-shop. Angi Leads allows you to spend your time with the right “ready-to-buy” customers. We do our best to fully educate customers about the scope, cost, and timing of their projects. Then we’ll match them with you, based on your preferences for job type and location.

Illustration 2: available at <https://pro.homeadvisor.com/help/faqs/> (last visited August 9, 2021)

30. Other marketing materials describe HomeAdvisor’s leads as “project requests” and advertise HomeAdvisor as a means for service providers to “connect with project-ready homeowners.”

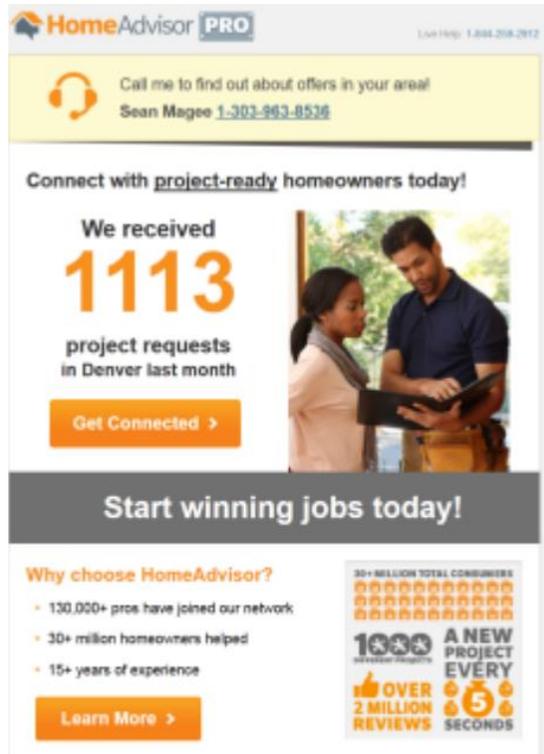


Illustration 3: email marketing sent to prospective service provider members

31. Contrary to HomeAdvisor’s representations, many of the leads that HomeAdvisor sells to service providers do not concern people who intend to hire a service provider soon. [REDACTED]

[REDACTED]

32. Indeed, HomeAdvisor sells information to service providers as leads even when internet users affirmatively indicate that they *do not* intend to hire a service provider soon. For example, one of the questions that a user typically must answer about a home project is whether its status is “Ready to Hire” or only “Planning & Budgeting.” Similarly, another question that a visitor typically must answer is how soon they would like the project completed (*e.g.*, “Timing is flexible,” “Within 1 week,” “1-2 weeks,” or “More than 2 weeks”). Yet another question asks whether the internet user is “the owner or authorized to make property changes.” [REDACTED]

[REDACTED] and many of the leads that HomeAdvisor sells to service providers concern people who described their project status only as “Planning & Budgeting,” provided an indefinite timeframe for completion, [REDACTED]

33. [REDACTED]

34. [REDACTED]

Misrepresentations About Leads Matching Types of Work and Geographic Preferences

35. In numerous instances, HomeAdvisor’s sales agents have told service providers that the leads they will receive concern home services projects that match the type of work and geographic preferences that service providers express to HomeAdvisor. For example, in sales calls HomeAdvisor’s sales agents have described the leads as follows:

[REDACTED]

36. Indeed, scripts used by HomeAdvisor sales agents describe HomeAdvisor’s leads as follows:

[REDACTED]

(emphasis original)

37. HomeAdvisor’s marketing materials make similar representations. Its website states, “Tell us what you do and where, and we deliver prospects that meet your exact needs.”

Helping You Grow Your Business One Homeowner at a Time

- **Connect with the Targeted Prospects You Need to Succeed**

Tell us what you do and where, and we deliver prospects that meet your exact needs.

- **Stay in Control and in Charge of Your Business**

You control your budget and lead preferences.

- **Leap Ahead of the Competition to Win More Jobs**

Our lead management tools keep you organized and in touch with the homeowners you need to grow your business.

[Sign Up Today](#)

[Learn More >](#)



Illustration 4: available at <https://pro.homeadvisor.com/> (last visited August 9, 2021)

38. Another page on its website has stated, “Only Get the Leads You Want. You pick your service types and location preferences and we bring you prospects that match what you want.”

You're In Control

**Only Get the
Leads You Want**

You pick your service types and location preferences and we bring you prospects that match what you want.

Illustration 5: previously available at <https://pro.homeadvisor.com/how-it-works/>

39. In fact, contrary to HomeAdvisor’s representations, many of the leads that service providers receive do not concern the type of work that the service providers perform, or fall outside of the service providers’ geographic preferences. For example, [REDACTED]

[REDACTED]

40. [REDACTED]

41. [REDACTED]

Misrepresentations About Lead Source

42. HomeAdvisor’s sales agents also have frequently represented to service providers that HomeAdvisor’s leads concern people who knowingly sought HomeAdvisor’s assistance in selecting a service provider. For example, in sales calls HomeAdvisor’s sales agents have described the source of HomeAdvisor’s leads as follows:

[REDACTED]

43. Indeed, scripts used by HomeAdvisor’s sales agents state, [REDACTED]

44. HomeAdvisor’s marketing materials have also represented that HomeAdvisor’s leads concern people who knowingly sought HomeAdvisor’s assistance in selecting a service provider. HomeAdvisor’s website has described Market Match Leads as follows: “Consumers come to HomeAdvisor.com and give us detailed info about their project.”

Market Match



Consumers come to HomeAdvisor.com and give us detailed info about their project. We match that info with your work and area preferences, and connect you with homeowners that match your needs.

[Get Started](#)

Illustration 6: previously available at <https://www.homeadvisor.com/rfs/enroll/sppostenrollleadsdetails>

45. In fact, contrary to HomeAdvisor’s representations, [REDACTED] of the leads that HomeAdvisor sells to service providers are purchased from affiliates and concern individuals who did not knowingly seek HomeAdvisor’s assistance. Since July 2014, HomeAdvisor has sold service providers [REDACTED] of leads that HomeAdvisor purchased from affiliates and did not come from HomeAdvisor’s website. [REDACTED]

46. [REDACTED]

[REDACTED] HomeAdvisor recognizes that it has very limited control over the quality of affiliate-generated leads. Indeed, a document HomeAdvisor’s parent company filed publicly with the Securities and Exchange Commission acknowledged that “the quality and convertibility of [HomeAdvisor’s] leads generated through third-party arrangements are dependent on many factors, most of which are outside our control.”

47. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

HomeAdvisor’s Deceptive mHelpDesk Sales Practices

54. In numerous instances, HomeAdvisor’s sales agents have represented to service providers that the cost of an annual membership is \$347.98, and includes a free one-month subscription to mHelpDesk.

55. For example, in sales calls HomeAdvisor’s sales agents have described mHelpDesk as follows:

[REDACTED]

56. Indeed, HomeAdvisor’s training materials have perpetuated sales agents’ representations that the first month of mHelpDesk is free. Scripts used by HomeAdvisor’s sales agents—

[REDACTED]

57. Similarly, until at least 2016, the form email that HomeAdvisor sent service providers confirming their purchase of an annual membership represented that \$347.98 was the cost of the annual membership and a “free” month of mHelpDesk.

58. In fact, the cost of an annual membership is \$287.99. The \$347.98 price has represented the cost of an annual membership plus one month of mHelpDesk, an optional, add-on product that costs \$59.99 per month and automatically renews after the first month. If a service provider does not want a one-month subscription to mHelpDesk, she can purchase an annual membership for \$287.99.

59. After HomeAdvisor's sales agents have added a month of mHelpDesk to service providers' annual memberships, service providers frequently have not learned that they were charged an additional \$59.99 because the \$347.98 charge has appeared as a single line item on the service provider's receipt and credit card bill. [REDACTED]
[REDACTED]
[REDACTED]

60. Of the more than [REDACTED] service providers who have been charged \$347.98 for an annual membership and a one-month subscription to mHelpDesk, [REDACTED]
[REDACTED]

Count I
Misrepresentations About the Quality, Characteristics, and Source of Leads

61. In numerous instances in connection with the advertising, marketing, promotion, offering for sale, or sale of leads, HomeAdvisor represents to service providers, directly or indirectly, expressly or by implication, that the leads service providers will receive:

- a. concern individuals who intend to hire a service provider soon;
- b. concern projects that match the types of services that service providers have expressed they perform;
- c. concern projects that match the geographic areas that service providers have expressed they serve; or
- d. concern individuals who knowingly sought HomeAdvisor for assistance in selecting a service provider.

62. In truth and in fact, in numerous instances in which HomeAdvisor has made the representations set forth in Paragraph 61, the leads service providers received, respectively:

- a. did not concern individuals who intend to hire a service provider soon;
- b. did not concern projects that match the types of services that service providers have expressed they perform;
- c. did not concern projects that match the geographic areas that service providers have expressed they serve; or
- d. did not concern individuals who knowingly sought HomeAdvisor for assistance in selecting a service provider.

63. Therefore, HomeAdvisor's representations as set forth in Paragraph 61 are false or misleading.

Count II
Misrepresentations About the Rates at which Leads Convert into Jobs

64. In numerous instances in connection with the advertising, marketing, promotion, offering for sale, or sale of leads, HomeAdvisor represents to service providers, directly or indirectly, expressly or by implication, that the leads convert into jobs at or above the rates that HomeAdvisor states.

65. The representations set forth in Paragraph 64 are false or misleading or were not substantiated at the time the representations were made.

Count III
Misrepresentations Regarding mHelpDesk

66. In numerous instances in connection with the advertising, marketing, promotion, offering for sale, or sale of leads, HomeAdvisor has represented to service providers, directly or indirectly, expressly or by implication, that the first month of mHelpDesk is free.

67. In truth and in fact, in numerous instances in which HomeAdvisor has made the representations set forth in Paragraph 66, the first month of mHelpDesk is not free.

68. Therefore, HomeAdvisor's representations as set forth in Paragraph 66 are false or misleading.

Violations of Section 5

69. The acts and practices of HomeAdvisor as alleged in this complaint constitute unfair or deceptive acts or practices in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act.

NOTICE

You are notified that on November 9, 2022, at 10:00 a.m., at the Federal Trade Commission offices, 600 Pennsylvania Avenue, NW, Room 532-H, Washington, DC 20580, an Administrative Law Judge of the Federal Trade Commission, will hold a hearing on the charges set forth in this Complaint. At that time and place, you will have the right under the Federal Trade Commission Act to appear and show cause why an order should not be entered requiring you to cease and desist from the violations of law charged in this Complaint.

You are notified that you are afforded the opportunity to file with the Federal Trade Commission ("Commission") an answer to this Complaint on or before the 14th day after service of the Complaint upon you. An answer in which the allegations of the Complaint are contested must contain a concise statement of the facts constituting each ground of defense; and specific admission, denial, or explanation of each fact alleged in the Complaint or, if you are without knowledge thereof, a statement to that effect. Allegations of the Complaint not thus answered will be deemed to have been admitted.

If you elect not to contest the allegations of fact set forth in the Complaint, the answer should consist of a statement that you admit all of the material facts to be true. Such an answer will constitute a waiver of hearings as to the facts alleged in the Complaint and, together with the Complaint, will provide a record basis on which the Commission may issue a final decision containing appropriate findings and conclusions and a final order disposing of the proceeding. In such answer, you may, however, reserve the right to submit proposed findings of fact and conclusions of law under FTC Rule § 3.46.

Failure to answer timely will be deemed to constitute a waiver of your right to appear and contest the allegations of the Complaint. It will also authorize the Commission, without further notice to you, to find the facts to be as alleged in the Complaint and to enter a final decision containing appropriate findings and conclusions and a final order disposing of the proceeding.

The Administrative Law Judge will hold an initial prehearing scheduling conference to be held not later than 10 days after the answer is filed by the Respondent. Unless otherwise directed by the Administrative Law Judge, the scheduling conference and further proceedings will take place at the Federal Trade Commission, 600 Pennsylvania Avenue, NW, Room 532-H, Washington, DC 20580. Rule 3.21(a) requires a meeting of the parties' counsel as early as practicable before the prehearing scheduling conference, but in any event no later than 5 days after the answer is filed by the Respondent. Rule 3.31(b) obligates counsel for each party, within 5 days of receiving a Respondent's answer, to make certain initial disclosures without awaiting a formal discovery request.

The following is the form of the order which the Commission has reason to believe should issue if the facts are found to be as alleged in the Complaint. If, however, the Commission concludes from record facts developed in any adjudicative proceedings in this matter that the proposed order provisions as to Respondent might be inadequate to fully protect the consuming public, the Commission may order such other relief as it finds necessary and appropriate, including corrective advertising or other affirmative disclosures.

Moreover, the Commission has reason to believe that, if the facts are found as alleged in the Complaint, it may be necessary and appropriate for the Commission to seek relief to redress injury to consumers. Such relief could be in the form of restitution for past, present, and future consumers and such other types of relief as are set forth in Section 19(b) of the Federal Trade Commission Act. The Commission will determine whether to apply to a court for such relief on the basis of the adjudicative proceedings in this matter and such other factors as are relevant to consider the necessity and appropriateness of such action.

NOTICE OF CONTEMPLATED RELIEF

If the Commission concludes from the record developed in any adjudicative proceedings in this matter that Respondent has violated or is violating Section 5 of the FTC Act, the Commission may order such relief against Respondent as is supported by the record and is necessary and appropriate, including but not limited to:

- a. A prohibition on misrepresentations, including false or unsubstantiated claims, in connection with the promoting, advertising, marketing, offering for sale, or selling of any product or service.
- b. A requirement that, for a period of time, Respondent must send acknowledgments of the order to the Commission.
- c. A requirement that, for a period of time, Respondent must create and retain certain business records.
- d. A requirement that, for a period of time, Respondent must provide prior notice to the Commission of all new business activity.
- e. A requirement that, for a period of time, Respondent must submit compliance reports to the Commission.
- f. Provisions to enable the Commission to monitor Respondent's compliance with the order.
- g. Any other relief appropriate to correct or remedy the effects of Respondent's unfair or deceptive practices or of any or all of the conduct alleged in the complaint.

THEREFORE, the Federal Trade Commission this 11th day of March, 2022, has issued this Complaint against Respondent.

By the Commission.



April J. Tabor
Secretary

SEAL: