



Office of the Chair

UNITED STATES OF AMERICA
Federal Trade Commission
WASHINGTON, D.C. 20580

**Remarks of Chair Lina M. Khan
Regarding the White House Announcement of New Actions to
Protect Consumers from Hidden Junk Fees**

October 10, 2023

Good afternoon. It's great to be here to share a few words about the FTC's work to tackle junk fees. Thanks to the President's bold leadership, the steadfast commitment from Director Brainard, and the critical work of colleagues like Director Chopra, this administration's fight against junk fees is protecting American families and honest businesses.

Today, being a consumer in America increasingly means being saddled with unexpected and unnecessary fees you cannot escape. These junk fees plague Americans across all manner of transactions—whether you're paying a hotel bill, renting an apartment, buying a concert ticket, or ordering dinner online. The FTC estimates that Americans collectively pay *tens of billions of dollars* a year in junk fees. That's billions of dollars that working families are paying in worthless fees—money that corporations are extracting from Americans just because they can. In the aggregate, these junk fees function as an invisible tax that quietly inflates prices across the economy.

Last year the FTC asked the public to share their experience with junk fees. We received over 12,000 comments from people across the country. The vast majority of them shared how routinely they encounter these bait-and-switch tactics—where corporations will initially show consumers one price but then, by the end of the transaction, add all sorts of mystery fees that significantly inflate the overall cost. By hiding the true cost, these junk fees make it harder for people to choose the best product or service.

One person shared how junk fees inflated the cost of their rental car reservation by *\$600*. Another noted how landlords were piling on all sorts of “unavoidable convenience fees,” including for supposed extra programs that never materialized. One customer said that the total price of their hotel nearly *doubled* once fees were included, turning “what should have been a 5-minute search... into hours or days.”

Junk fees also punish honest businesses. Firms that are clear with customers about the total price upfront tend to lose out to deceptive firms that initially show a low price but then charge a much higher one.

To combat these unfair or deceptive practices, the FTC is proposing a rule that would ban junk fees that cheat American families and stack the deck against honest businesses. The proposed rule would prohibit corporations from running up the bills with hidden and bogus fees,

requiring honest pricing and spurring firms to compete on honesty rather than deception. Violators would be subject to civil penalties and be required to pay back Americans they tricked.

This rule is part of FTC’s work to protect people from the daily indignities that waste their time, undermine their economic rights, and siphon away their money.

It complements our efforts to make sure it’s as easy to cancel a subscription as it is to sign up for one; our work to protect Americans’ right to repair their own products; our efforts to ensure that firms can’t get away with slapping “Made in USA” labels on products actually made overseas; our rule to ban noncompete agreements that lower workers’ pay by nearly \$300 billion a year; and our lawsuits to hold to account monopolies that unlawfully abuse their power through coercive tactics that stifle fair competition.

Alongside all of this, our proposed rule to ban junk fees would not just return money to people’s pockets—but also restore a degree of justice to American families and restore fairness in our markets.

My gratitude again to President Biden for entrusting us with this important effort, and to Director Brainard and Director Chopra for being such a committed partners and dedicated public servants.

Thank you.
