

Press Releases

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CUOMO SUES DELL FOR FALSE ADVERTISING, FAILURE TO PROVIDE SERVICES, AND DECEPTIVE BUSINESS PRACTICES

*Lawsuit Seeks Restitution, Civil Penalties, and End of Deceptive Business Practices
Customers Were Pressured to Take Apart Their Own Computers Even After Paying for Onsite Repair Service*

NEW YORK, NY (May 16, 2007) – Attorney General Andrew M. Cuomo today announced that his office has filed a lawsuit in Albany County Supreme Court against Dell, one of the world's leading computer companies, and Dell Financial Services, LP ("DFS"), an affiliate that is a joint venture between Dell and CIT Bank, which offers financing to consumers for their Dell purchases. The lawsuit accuses Dell and DFS of engaging in "bait and switch" financing tactics and failing to provide their customers with adequate customer service. It also charges Dell and DFS with perpetuating numerous other deceptive business practices relating to their technical support services, promotional financing, rebate offers, and billing and collection activity.

Attorney General Cuomo said, "At Dell, customer service means no service at all. Dell's consumers were intentionally misled, and they had to pay for that privilege. I hope this lawsuit sends a message to companies large and small that delivering a product is simply not enough – the promises they make must be delivered as well."

According to papers the Attorney General filed in court, Dell deprived consumers of the technical support to which they were entitled under their warranty or service contract by:

- repeatedly failing to provide timely onsite repair to consumers who purchased service contracts promising "onsite" and expedited service;
- pressuring consumers, including those who purchased service contracts promising "onsite" repair, to remove the external cover of their computer and remove, reinstall, and manipulate hardware components;
- discouraging consumers from seeking technical support; those who called Dell's toll free number were subjected to long wait times, repeated transfers, and frequent disconnections;
- using defective "refurbished" parts or computers to repair or replace consumers' equipment.

The lawsuit accuses Dell of luring consumers to purchase its products with advertisements that offered attractive "no interest" and/or "no payment" financing promotions. In practice, however, the vast majority of consumers, even those with very good credit scores, were denied these deals. In a classic "bait and switch" scheme, DFS instead offered consumers financing at high interest rates, which often exceed 20%. Dell and DFS frequently failed to clearly inform these consumers that they had not qualified for the promotional terms, leaving many to unwittingly finance their purchase at high interest rates.

The lawsuit also alleges that DFS incorrectly billed consumers on cancelled orders, returned merchandise, or accounts they did not authorize Dell to open, and then continually harassed these consumers with illegal billing and collection activity. Although many consumers repeatedly contacted Dell and/or DFS to advise them of the errors, DFS did not suspend its collection activity and Dell failed to expeditiously credit consumers' accounts, even after assuring consumers it would do so. As a result, many consumers have been subjected to harassing collection calls for months on end and have had their credit ratings harmed.

In filing the lawsuit, Cuomo seeks to require Dell and DFS to pay restitution to aggrieved consumers, pay civil penalties, and adopt measures to ensure that they do not engage in deceptive, illegal, and fraudulent practices in the future.

Consumers wishing to file complaints against Dell or Dell Financial Services should contact the Attorney General's Consumer Help Line at (800) 771-7755. Consumers may also visit the Attorney General's website at www.oag.state.ny.us or www.NYAGDell.com.

This case is being handled by Assistant Attorney General Amy Schallop of the Consumer Frauds and Protection Bureau.

Attachment:

[Dell Lawsuit](#)