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Connecticut Attorney General's Office

Press Release

Attorney General Announces \$3.35 Million Multi-State Settlement With Dell For Customer Service Failures

January 12, 2009

Attorney General Richard Blumenthal today announced a \$3.35 million settlement between 34 states -- led by Connecticut and Washington -- and Dell, Inc. and Dell Financial Services, LLC for allegedly misleading consumers about financing terms, warranties and rebates.

Texas-based Dell and Dell Financial Services, a subsidiary, have agreed to pay \$1.5 million into an account for consumer restitution. Consumers have 90 days to file claims with their respective states.

Connecticut taxpayers will also receive \$200,000 from \$1.85 million that Dell is distributing to the 34 states. Connecticut's share will go to the General Fund.

"Dell must reform and reboot its commitment to customers," Blumenthal said, "We will closely monitor Dell's renewed pledge to fulfill warranty and rebate promises, and abandon unclear and unfair financing terms or bait-and-switch pitches.

"We helped lead a coalition of states in this investigation after receiving complaints of significant customer service abuses by Dell. Consumers who sought and believed they received zero-percent financing were then ambushed by high interest rates and fees. Many consumers faced unacceptable obstacles obtaining warranty service on their Dell computers and others said they never received promised rebates. Many consumers may be eligible for hundreds of dollars for the abuses.

"Dell must hit delete and then reprogram and restart customer relations by keeping all its promises. More than the money, this agreement provides profoundly important business practice reforms. No more bait-and-switch financing -- offers touting zero-interest that become surprise high-interest charges or astounding late penalties. Our strong coalition of states will closely monitor and enforce this agreement, which has been reached with Dell's cooperation."

Blumenthal reached the settlement in coordination with Department of Consumer Protection Commissioner Jerry Farrell Jr.

In addition to the money, Dell, which has cooperated with the states, has agreed to several measures that will provide greater transparency and fairness to consumers. These measures include clearer and more conspicuous advertisements and disclosures to consumers about financing terms and warranty services, prompter rebates and more intense efforts to resolve

consumer complaints.

Specifically, today's agreement compels Dell to reform its business practices involving Dell credit accounts, warranties, rebates and customer service response. Among the reforms, Dell has agreed to:

- Disclose in advertisements for promotional credit offers that the majority of consumers won't qualify, and disclose the range of annual percentage rates that consumers are likely to receive.
- Inform consumers considering applying for promotional financing that the application is for a revolving open credit account, that minimum monthly payments are required and that approval of the account does not guarantee that the consumer will also qualify for conditional financing promotions (such as zero-percent interest for 90 days).
- Disclose, at the time of credit acceptance, whether the applicant has qualified for any conditional financing promotion.
- Not report any late payments to collection agencies if a consumer has alleged that the debt is invalid and has offered documentation supporting his or her allegation.
- Mail rebate payments within a reasonable or specified time that is disclosed to the consumer. Where times are not specified, rebates must be made within 30 days of receiving a proper rebate request.
- Fulfill its warranty obligations within 30 days from the date of notification or receipt of a defective product.
- Not claim that it provides warranty or on-site repair or technical support service, unless it first clearly and conspicuously discloses that telephone-based troubleshooting or similar activity is required prior to such service. Dell must also clearly explain what constitutes telephone-based troubleshooting or remote diagnoses.
- Substantiate any claims it makes about the quality of its customer service. Dell can use the term "award-winning" to describe its customer service only if the company received such an award within the past 18 months.

Those states participating in the settlement include Arizona, Arkansas, California, Delaware, Florida, Illinois, Iowa, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Mississippi, Missouri, Montana, Nebraska, Nevada, New Mexico, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Utah, Washington, West Virginia, Vermont, and Wisconsin.

Consumers who believe they may be entitled to a claim under the settlement may file a claim through Blumenthal's office through April 13.

[Dell claim form instructions](#) - (PDF-27KB)

[Dell claim form](#) - (PDF-36KB)