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FTC Says AT&T Has Misled Millions of Consumers with 'Unlimited' Data Promises

Company "Throttles" Many Consumers Who Had Signed Up for Unlimited Data

FOR RELEASE

October 28, 2014

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Note: A conference call for media with FTC Chairwoman Edith Ramirez will occur as follows:

Date: October 28, 2014

Time: 2:00 p.m. ET

Call-in lines, which are for media only, will open 15 minutes prior to the start of the call. Chairwoman Ramirez and FTC staff will be available to take questions from the media about the case.

The Federal Trade Commission filed a federal court complaint against AT&T Mobility, LLC, charging that the company has misled millions of its smartphone customers by charging them for "unlimited" data plans while reducing their data speeds, in some cases by nearly 90 percent.

The FTC's [complaint alleges that the company failed to adequately disclose to its customers on unlimited data plans](#) that, if they reach a certain amount of data use in a given billing cycle, AT&T reduces – or "throttles" – their data speeds to the point that many common mobile phone applications – like web browsing, GPS navigation and watching streaming video – become difficult or nearly impossible to use.



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“AT&T promised its customers ‘unlimited’ data, and in many instances, it has failed to deliver on that promise,” said FTC Chairwoman Edith Ramirez. “The issue here is simple: ‘unlimited’ means unlimited.”

engaged. These pages are especially useful for members of the media.

According to the FTC’s complaint, AT&T’s marketing materials emphasized the “unlimited” amount of data that would be available to consumers who signed up for its unlimited plans. The complaint alleges that, even as unlimited plan consumers renewed their contracts, the company still failed to inform them of the throttling program. When customers canceled their contracts after being throttled, AT&T charged those customers early termination fees, which typically amount to hundreds of dollars.

The FTC alleges that AT&T, despite its unequivocal promises of unlimited data, began throttling data speeds in 2011 for its unlimited data plan customers after they used as little as 2 gigabytes of data in a billing period. According to the complaint, the throttling program has been severe, often resulting in speed reductions of 80 to 90 percent for affected users. Thus far, according to the FTC, AT&T has throttled at least 3.5 million unique customers a total of more than 25 million times.

According to the FTC’s complaint, consumers in AT&T focus groups strongly objected to the idea of a throttling program and felt “unlimited should mean unlimited.” AT&T documents also showed that the company received thousands of complaints about the slow data speeds under the throttling program. Some consumers quoted the definition of the word “unlimited,” while others called AT&T’s throttling program a “bait and switch.” Many consumers also complained about the effect the throttling program had on their ability to use GPS navigation, watch streaming videos, listen to streaming music and browse the web.

The complaint charges that AT&T violated the FTC Act by changing the terms of customers’ unlimited data plans while those customers were still under contract, and by failing to adequately disclose the nature of the throttling program to consumers who renewed their unlimited data plans.

FTC staff worked closely on this matter with the staff of the Federal Communications Commission.

The Commission vote authorizing the staff to file the complaint was 5-0. The complaint was filed in the U.S. District Court for the Northern District of California, San Francisco Division.

NOTE: The Commission files a complaint when it has “reason to believe” that the law has been or is being violated and it appears to the Commission that a proceeding is in the public interest. The case will be decided by the court.

The Federal Trade Commission works for consumers to prevent fraudulent, deceptive, and unfair business practices and to provide information to help spot, stop, and avoid them. To file a complaint in

English or Spanish, visit the FTC's online [Complaint Assistant](#) or call 1-877-FTC-HELP (1-877-382-4357). The FTC enters complaints into Consumer Sentinel, a secure, online database available to more than 2,000 civil and criminal law enforcement agencies in the U.S. and abroad. The FTC's website provides [free information on a variety of consumer topics](#). Like the FTC on [Facebook](#), follow us on [Twitter](#), and [subscribe to press releases](#) for the latest FTC news and resources.

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