

FTC Shuts Down a Risky Risk-Free Offer

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This morning, the FTC announced that it had stopped a group of 15 companies and 7 individuals from using deceptive “risk-free trial” offers to sell skincare products online. At the Commission’s request, a federal court issued a temporary restraining order against the defendants, halting their marketing practices, freezing their assets, and appointing a receiver over their business. That’s pretty serious. So what went wrong?

According to the FTC’s complaint, the defendants used various online ads to tout “risk-free trial” offers. On their websites, the defendants advertised that consumers simply had to pay a nominal shipping and handling charge – typically under \$5 – to receive a free trial of the skincare products. Most of the sites also advertised that satisfaction was guaranteed and that the companies enjoyed an A- rating from the BBB.



The truth, according to the FTC, was much different. Consumers who didn’t return the products within 10 days were charged \$98 and enrolled in a monthly subscription plan. Although this was disclosed on the order pages, the FTC alleges that the disclosures were not sufficiently prominent and that they omitted various important terms, including key deadlines and the existence of a restocking charge. To make things worse, the companies made returns difficult and they actually have F ratings from the BBB.

This isn’t the first time we’ve posted about companies getting in trouble over free trials or automatic renewals. State attorneys general and class action attorneys have also been active in this area, and companies have had to pay a lot of money to settle the cases. (Click [here](#) and [here](#), for example.) If your company makes these types of offers, this case should serve as a reminder to check your marketing practices to ensure you are complying with applicable laws.