

NAD Challenge Addresses Disclosures for Money-Back Guarantees

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Money-back guarantees can often be subject to detailed terms and conditions. When advertising those guarantees, clients often ask us how much has to be disclosed in an ad itself, versus how much can be disclosed on a landing page. Although there isn't a bright line rule, a recent NAD challenge sheds light on what practices may lead to complaints.

TINA filed a challenge with NAD over a promotional email from The Princeton Review which advertised to students: "Score a 1400+ or your money back." An asterisk following the claim led to a "fine print" disclosure at the bottom of the email which stated: "Restrictions apply. Please see our terms and conditions for details."

If you clicked on "terms and conditions," you would land on a page with a list of "Better Scores Guarantee Eligible Programs." If you then clicked on "SAT 1400+," you'd get to another page with an explanation that the guarantee depends on a student's starting score. Specifically, students with a starting score below 1250 are "guaranteed" at least a 150-point increase, while students with a starting score of 1250 or higher are "guaranteed" a score of at least 1400.

During the challenge, The Princeton Review agreed to more clearly disclose the terms of its guarantee. For example, if a guarantee is dependent on a student's starting score, that information will appear in the claim itself, rather than in a disclosure. Moreover, links to the full terms and conditions associated with the guarantee will be provided in close proximity to the claim and the links will be labeled to communicate the nature and importance of the linked information.

Because The Princeton Review agreed to make changes before the case was decided, we don't have the benefit of NAD's analysis in this case. Nevertheless, we think it's likely that NAD would have come to similar conclusions on its own. Companies may want to review how they advertise their own guarantees, in light of this challenge. In the meantime, keep in mind that the FTC is in the process of [updating its own guidelines](#) on how advertisers make disclosures.