

NAD Examines AI Claims

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At the 2025 ANA Masters of Advertising Law Conference in November, Phyllis Marcus, Vice President of NAD, stated that NAD would closely scrutinize claims related to AI and hinted that new decisions were on the way. The first of those came shortly before the holiday, when NAD announced a decision involving claims that Horizon Brands made about its Tiny Traveler Ai Classic Baby Monitor.

Here are some of the highlights.

“AI-Powered” Claims

Before looking at claims about the baby monitor’s performance, NAD first considered whether Horizon Brands could even support the explicit claim that the baby monitor was “AI-powered” as well as the implied claim that the monitor’s ability to detect laughing and crying was made possible by the AI technology.

NAD determined that Horizon Brands could support both claims. Although there’s nothing surprising about this part of the decision, it’s worth noting that NAD isn’t going to give advertisers a free pass when they claim that their products use AI. NAD will want to ensure that the products do actually use AI and that the advertised benefits are due to AI.

Emotion Detection Claims

NAD next considered claims that the monitor could detect laughing and crying and alert parents. Horizon Brands submitted evidence to support the claim, but NAD didn’t think it was sufficient. It’s hard to tell exactly where NAD thought Horizon Brands fell short, but NAD mentioned a “limited sample size,” concerns about accuracy, and technological limitations that weren’t disclosed.

Horizon Brands offered to explain the limitations in a disclosure. Although NAD thought that would be helpful, it wasn’t enough. “NAD recommended that Horizon Brands modify its advertising to clearly and conspicuously disclose the functionality limitations on the baby monitor’s ability to identify emotions.” It’s likely NAD wanted the limitations disclosed in the claim itself (or at least closer to it).

Motion Detection Claims

NAD reviewed claims that the baby monitor could alert parents when a baby stands or moves, “ensuring their safety by alerting you instantly.” Although Horizon Brands submitted test results, NAD had several concerns with the tests. Among other things, NAD seemed concerned that it hadn’t seen the test methodology and that Horizon Brands hadn’t disclosed certain technological limitations.

NAD recommended that Horizon Brands discontinue language that conveys to parents that the baby monitor can “ensure [an infant’s] safety” so that parents can “rest easy.” NAD also recommended that Horizon Brands modify its advertising to clearly and conspicuously disclose the functionality

limitations on the baby monitor's ability to detect motion.

CARU

While NAD reviewed Horizon Brand's advertising claims, CARU considered whether information collected by the baby monitor about children under 13 could be processed or shared in ways that violated COPPA or weren't disclosed by Horizon Brands and whether the company could support its claims about "Secured Local Storage."

"Based on the evidence in the record, CARU determined that COPPA was not triggered since all of the infants' data stayed on-device and was never provided to Horizon Brands" or the company that produced the AI chip used in the product. Based on a review of the product, packaging, and technical specifications, CARU was satisfied that the product didn't violate CARU's Privacy Guidelines.

More to Come

This isn't the first decision NAD has issued on AI claims and it won't be the last. As NAD noted in its decision, "when promoting complex features of new technologies, it is important that companies do not overstate the benefits of the technology." We expect to see many more cases dealing with this issue and AI claims, in general, in 2026.