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### AGs and Consumers Fight “Drip Pricing” and “Hidden Fee” Programs



#### **Takeaway**

Regardless of your industry it may be time to take a closer look at your potential vulnerability to a claim about hidden fees or drip pricing.

State attorneys general and consumers are filing lawsuits across the United States against companies utilizing "drip pricing" and "hidden fees." While the term "hidden fees" is somewhat self-explanatory, the closely-related term "drip pricing" occurs when companies advertise a price at the outset of a purchase process, but by the time consumers reach checkout, additional fees and charges have been "dripped" onto the total. This often results in the consumer being charged a significantly higher final price than was initially advertised. In 2018 there were several hidden fee and drip pricing class actions filed against online ticket sale companies like StubHub and Ticketmaster. Recently, however, there has been a flurry of such lawsuits against companies operating outside the event ticket sale industry. FOR EXAMPLE

- A class action lawsuit was filed in June against AT&T for their application of allegedly hidden "administrative fees" to customer bills.
- Earlier in September the Second Circuit revived a proposed class action against Spirit Airlines for their use of allegedly hidden carry-on bag fees.
- In July the attorney generals for Washington D.C. and Nebraska filed lawsuits against Marriot and Hilton hotels, respectively, for allegedly utilizing drip pricing programs that charged hidden resort fees on hotel rooms.
- And, more recently, San Francisco City Attorney Dennis Herrera filed suit against JustFly Corp. and its affiliates for their alleged application of hidden fees in their online flight booking service.

At the crux of all of the above lawsuits are allegations that fees were misleadingly described and/or inadequately disclosed to consumers. Consider auditing your pricing programs to detect potentially misleading hidden fees

and drip prices.

## **Authors**

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