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LendEDU Agrees to Settle FTC Charges Alleging Deceptive Advertising Practices



Operators of the LendEDU website entered into a settlement agreement with the Federal Trade Commission (FTC) in response to allegations that LendEDU misled consumers by claiming that its website provided objective, unbiased rankings of financial products, when in fact they offered better ratings to companies that paid for the endorsement.

LendEDU promoted its website as a resource for people to compare and shop for financial products, such as student loans, personal loans, and credit cards, using rankings that LendEDU claimed were based on "objective," "honest," "accurate," and "unbiased" information about the quality of the product being offered, and not based on financial compensation. But, according to the FTC's [complaint](#), LendEDU solicited payments from financial service companies in exchange for better product ratings, and adjusted the rankings on its website based on the amount of compensation received. The FTC complaint also alleges that LendEDU misrepresented that positive consumer reviews on its website and other third-party websites reflected the actual experiences of impartial customers, when the reviews were actually written by LendEDU employees or individuals with personal or professional relationships with LendEDU. The FTC's [proposed consent agreement](#) would prohibit LendEDU from engaging in similar deceptive advertising practices and require the company to pay \$350,000. FTC Commissioner Rebecca K. Slaughter issued a [statement](#), noting that this case addresses an increasingly common online practice and that companies offering "pay-for-play rankings and ratings" should take heed that such conduct will result in serious consequences. **Key Takeaways:**

- The FTC is taking enforcement action against companies who engage in the deceptive manipulation of purportedly objective rankings and reviews, when, in fact, they receive financial compensation or other have other material connections with the reviewers.
- Endorsers must clearly and conspicuously disclose *any* material connection between the endorser and the seller of a product, including monetary payments, receipt of free products, or a business or family relationship.

- All reviews must be truthful and reflect the honest and sincere beliefs of actual consumers (*not* company employees or owners), and a failure to comply could result in FTC enforcement (including potential monetary consequences).

Authors

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