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Fashion Nova Settles with FTC for \$9.3 Million for Alleged Violations of the Mail Order Rule



The Federal Trade Commission (FTC) recently announced a [settlement](#) with online fashion retailer, Fashion Nova, requiring it to pay \$9.3 million in refunds to consumers for violations of the FTC's Mail, Internet, or Telephone Order Merchandise Rule ("[Mail Order Rule](#)").

In its [complaint](#), the FTC alleged that Fashion Nova (1) made false representations to consumers about the speed of its shipping and (2) failed to refund consumers for items that were never shipped. For example, according to the complaint, Fashion Nova regularly advertised "Fast Shipping," "2-Day Shipping," "Fast International 6-10 Shipping," and "Expect Your Items Quick!," but regularly did not meet these promises or notify consumers of shipping delays. Also, instead of issuing refunds to consumers for orders that were never shipped, Fashion Nova issued gift cards, which do not qualify as appropriate refunds under the Mail Order Rule. The settlement requires Fashion Nova to:

1. Refund \$2.26 million directly to consumers;
2. Pay \$7.04 million to the FTC so the agency can refund consumers; and
3. Ship ordered items to consumers within one day of receipt of an order if a shipping date is not otherwise provided (which is faster than the 30-day default under the Mail Order Rule for orders where no timeframe is stated).

According to the FTC's [blog post](#), the \$9.3 million settlement is the largest ever in a case of its kind. This settlement is a reminder that online sellers should ensure they are following the requirements under the Mail Order Rule, including ensuring that the seller has a reasonable basis to expect they can ship within the advertised timeframe or within 30 days and following notice, consent, refund, and other Mail Order Rule requirements.

Takeaways:

- The Mail Order Rule applies to both online sellers and traditional mail-order companies. It is essential for online sellers to notify customers in the event of shipping delays and offer the right to cancel with a full

refund.

- Issuing gift cards or store cards in the event of a delay or failure to ship the order is not sufficient. Consumers have a right to a full refund under the Mail Order Rule.

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