

November 17, 2022

Vonage To Pay \$100 Million To Settle FTC Action Regarding Dark Patterns and Junk Fees



Key Updates

- The Federal Trade Commission (FTC) settled with internet phone service provider Vonage for allegedly using [dark patterns](#) to make it difficult for customers to cancel their phone service, charging unnecessary fees, and continuing to charge customers who had canceled their service. Dark patterns are design practices – often for a website or software app – that harm consumers, typically by manipulating or tricking them into making choices that they might not otherwise have made.
- Under the settlement terms, Vonage is required to obtain express consent before charges, simplify its cancellation procedure, and pay \$100 million in refunds.

The FTC made several allegations about Vonage's conduct:

- **Cancellation.** Vonage made signing up for its services simple but it difficult to cancel. The only way to discontinue Vonage's services was by speaking with a real "retention agent" over the phone. When customers requested cancellation by any other method, Vonage refused. The FTC alleged that Vonage put up a number of additional barriers to cancellation, including hiding the cancellation number on the website, requiring long wait times, and limiting the hours that the cancellation line was open.
- **Hidden cancellation fees.** Vonage frequently charged customers an early termination fee that was not disclosed when they signed up for Vonage.
- **Charges post-cancellation.** Customers who spoke with an agent and successfully requested cancellation frequently discovered that their accounts were still being charged. Even after complaining to Vonage, they received only partial refunds for the money charged to them.

After the FTC took action, Vonage agreed to entry of a stipulated order requiring it to:

- **Pay \$100 million.** Vonage will pay the FTC \$100 million in refunds to customers.
- **Obtain consent.** Vonage must obtain customers' express, informed consent before charging them.
- **Simplify cancellation.** Vonage is expected to implement a simple cancellation mechanism that is accessible through the same channel as enrollment (e.g., website, email address, or other application).
- **No dark patterns.** The order forbids Vonage from using dark patterns to complicate customers' attempts to discontinue services.
- **Provide clear disclosures to customers about subscription plans.** The order requires Vonage to provide customers with clear disclosures about any recurring subscription plans, including any actions that must be taken to avoid being charged and the time frames within which those actions must be taken.

This agreement comes on the heels of the [FTC's announcement](#) that it is considering a rule to curb the proliferation of hidden and "junk" fees across the country. The FTC also recently issued a report on [dark patterns](#).

Authors

Explore more in

[Consumer Protection](#)