

FTC Finalizes ‘Junk Fee’ Rule Aimed at Live-Event Ticket and Short-Term Lodging Fees

December 20, 2024

On December 17, 2024, the Federal Trade Commission (FTC) [issued a final rule](#) requiring live-event ticketing and short-term lodging marketers to disclose mandatory fees as part of the total advertised price for these services. Notably, the final rule is limited to these two industries and is thus narrower than the [November 2023 proposed rule](#), which would have applied to all businesses.

The final rule implements new disclosure requirements for mandatory fees – such as “resort” or “cleaning” fees that are often added to the advertised price of hotels and short-term vacation rentals, as well as “convenience,” “processing” or “service” charges in connection with ticket purchases for live sporting events and concerts. The FTC’s commentary to the rule characterizes the practice of adding such fees to a more prominently advertised base price as a bait-and-switch tactic that obscures the true total cost of a good or service. The final rule is a continuation of the focus on so-called junk fees by state and federal agencies, including the Consumer Financial Protection Bureau (CFPB).

What is covered under the final rule?

The final rule applies to mandatory “Ancillary Good or Service” charges assessed as part of a transaction for a “Covered Good or Service.” An “Ancillary Good or Service” is defined as any additional good or service offered to a consumer as part of the same transaction. “Covered Good or Service” means “(1) Live-event tickets; or (2) Short-term lodging, including temporary sleeping accommodations at a hotel, motel, inn, short-term rental, vacation rental, or other places of lodging.” The rule applies not only to short-term lodging and live-event ticket providers, but also to online marketplaces and other intermediaries that advertise and sell these types of travel services and live-event tickets. The FTC’s commentary clarifies that the final rule applies to business-to-consumer and business-to-business transactions and explains that this broad scoping is designed to ensure that live-event ticket and travel service providers supply online marketplaces with accurate pricing information to include in their advertisements.

What does the final rule require?

The final rule prohibits businesses from offering, displaying or advertising any price for live-event tickets or short-term lodging without clearly, conspicuously and prominently disclosing a total price that includes any mandatory fees and charges, unless those charges are for government or shipping fees. The rule does not require that optional fees be included in the total price and does not prohibit charging mandatory fees altogether. Rather, the rule classifies the failure to clearly, conspicuously and prominently disclose the total price – inclusive of mandatory fees – as an unfair or deceptive practice under the FTC Act.

The rule also requires businesses to disclose the total price more prominently than any other pricing information. However, if a business displays the final amount of payment that is required for the transaction (i.e., the amount that may include government, shipping or optional charges), the rule requires that the final amount of payment be disclosed more prominently than, or as prominently as, the total price. With respect to all fees – not just those mandatory fees that must be included in the total price – the final rule requires businesses to clearly and conspicuously disclose the nature, purpose, amount and identity of the good or service

for which the fee is charged, all before the consumer consents to pay for any good or service. The business must then also disclose the final amount of payment for the transaction, which as noted, must be more prominent than, or as prominent as, the total price.

Finally, the rule prohibits misrepresentations about the nature, purpose, amount or refundability of any fee or charge, or about the identity of the good or service for which the fee or charge is imposed.

Looking ahead

The final rule is scheduled to take effect 120 days after it is published in the Federal Register. The FTC rule follows similar efforts by the CFPB to [reduce credit card late fees](#), [limit overdraft fees](#), and [warn against certain fees charged on international money transfers](#), by [school lunch payment platforms](#) and [in connection with mortgage closings](#). The issue of junk fees also has recently found its way onto the agendas of many state legislatures. For example, [California's "Hidden Fees" law](#) took effect in July 2024, and a similar [Minnesota pricing transparency law](#) that applies to most goods and services sold in the state takes effect in January 2025. Notably, the FTC's final rule does not restrict the enforcement of state laws that afford greater protections to consumers than those provided under the final rule.

Although the FTC approved the rule in a 4-1 vote, the sole dissenter was FTC Commissioner Andrew Ferguson, who has been nominated to take over as FTC chair in the Trump administration. Ferguson declined to discuss the merits of the rule or whether the FTC under the Trump administration would enforce it, but he stated that it is "particularly inappropriate for the Biden-Harris FTC to adopt a major new rule that it will never enforce." Regardless of whether a new Republican-led FTC prioritizes enforcement of the final rule, certain state agencies can use it as a predicate to bring enforcement actions under state laws that prohibit violations of federal laws. And although the final rule is subject to reversal under the Congressional Review Act, state regulators and attorneys general are likely to continue focusing on junk fees and aggressively pursuing companies for perceived violations of state junk fee laws and state prohibitions on unfair and deceptive acts or practices (UDAP) – particularly if federal enforcement wanes in the next administration. Therefore, all consumer-facing businesses should be mindful of the FTC's final rule and similar requirements issued by state authorities as they consider what fees to charge, when to disclose those fees and how to describe those fees to consumers.

This content is provided for general informational purposes only, and your access or use of the content does not create an attorney-client relationship between you or your organization and Cooley LLP, Cooley (UK) LLP, or any other affiliated practice or entity (collectively referred to as "Cooley"). By accessing this content, you agree that the information provided does not constitute legal or other professional advice. This content is not a substitute for obtaining legal advice from a qualified attorney licensed in your jurisdiction and you should not act or refrain from acting based on this content. This content may be changed without notice. It is not guaranteed to be complete, correct or up to date, and it may not reflect the most current legal developments. Prior results do not guarantee a similar outcome. Do not send any confidential information to Cooley, as we do not have any duty to keep any information you provide to us confidential. This content may be considered **Attorney Advertising** and is subject to our [legal notices](#).

Key Contacts

H Joshua Kotin Chicago	jkotin@cooley.com +1 312 881 6674
---------------------------	---

Scott Dailard San Diego	sdailard@cooley.com +1 858 550 6062
Kate Goodman Chicago	kgoodman@cooley.com +1 312 881 6685

This information is a general description of the law; it is not intended to provide specific legal advice nor is it intended to create an attorney-client relationship with Cooley LLP. Before taking any action on this information you should seek professional counsel.

Copyright © 2023 Cooley LLP, 3175 Hanover Street, Palo Alto, CA 94304; Cooley (UK) LLP, 22 Bishopsgate, London, UK EC2N 4BQ. Permission is granted to make and redistribute, without charge, copies of this entire document provided that such copies are complete and unaltered and identify Cooley LLP as the author. All other rights reserved.