

# CRAMMING & CONSUMERS: HOW THE FCC IS FIGHTING UNAUTHORIZED “MYSTERY FEES” ON PHONE BILLS JUNE 20, 2011

*Building on his Consumer Empowerment Agenda, FCC Chairman Julius Genachowski delivered remarks at the Center for American Progress in Washington, D.C. to spotlight the Agency’s continued efforts to fight “cramming” and other mystery fees on consumer bills. Cramming, which is illegal, is one of the most common types of landline phone bill complaints the FCC receives. In the coming weeks, the FCC will consider new rules to empower consumers against cramming through increased transparency and disclosure. In Chairman Genachowski’s words, “Americans shouldn’t be nickel and dimed by companies on their phone bills.”*

## WHAT ARE MYSTERY FEES? WHAT IS CRAMMING?

- Cramming is the illegal placement of an unauthorized fee onto a consumer’s monthly phone bill. The charges are for services like long-distance services, voicemail, or even diet plans or yoga classes that the consumer neither requested nor used.
- Cramming charges typically range from \$1.99 to \$19.99 per month. In complaints cited by the FCC Enforcement Bureau, total cramming charges for several consumers were in the hundreds of dollars.
- Because these mystery fees are inconspicuously added to the bill, charges often go undetected for many months or even years, if they are detected at all.
- Crammers rely on confusing phone bills containing vague and misleading descriptions of these charges in an attempt to trick consumers into paying.

## WHO IS IMPACTED BY CRAMMING?

- Anyone. Complaints received by the FCC greatly underestimate the problem because most consumers don’t even know they’re being charged. A recent expert survey showed that only five percent (5%) of consumers who were impacted by a particular cramming company were aware of the monthly charges.
- Based on the same survey and state data, the FCC believes an estimated 15 to 20 million American households a year potentially have these mystery fees on their monthly landline phone bills.
- The FCC has received complaints about cramming from all over the country. Some examples from recent investigations by the FCC’s Enforcement Bureau include:
  - A woman in St. Louis who complained to the FCC when she discovered she had had cramming charges on her bills for 25 months in a row.
  - A doctor in Texas who contested hundreds of dollars in cramming charges, and finally got a refund of \$435.54 only after going to the state’s Public Utility.
  - A man who was told he had authorized extra long-distance charges – but found that the online “authorization” form had another person’s name, a non-working email address, and a nonresidential address in West Virginia.
  - A North Carolina woman who was told she had authorized the same service online – even though she doesn’t own a computer.

(more)

## WHAT IS THE FCC DOING TO EMPOWER CONSUMERS AND STOP CRAMMING AND OTHER MYSTERY FEES?

- Just last week, the FCC proposed fines totaling \$11.7 million dollars against four long-distance companies that have placed crammed charges on hundreds of thousands of consumer bills. The Commission considers cramming an ongoing issue and its Enforcement Bureau will continue to investigate complaints and take action where appropriate.
- The Commission now has a proceeding on ways to strengthen our Truth-in-Billing rules, including rules that would help prevent cramming by improving disclosure of charges on telephone bills.
- Last fall, the Chairman built on the concept of Truth-in-Billing to lay out a Consumer Empowerment Agenda for the FCC. This agenda includes improving consumer information and transparency for broadband and other services; taking on mystery fees, like the data fees that led to a multimillion dollar settlement with Verizon Wireless; helping consumers prevent bill shock on their wireless bills; ensuring better disclosure of early termination fees; and helping ensure online privacy and security.
- The FCC Call Center handles consumer complaints about problems with phone service and bills, including cramming, and helps consumers get redress when appropriate. Consumers can complain to the FCC at [fcc.gov/complaints](http://fcc.gov/complaints) or 1-888-CALL-FCC.
- The FCC provides education and outreach on a wide range of consumer issues with our [FCC.gov](http://FCC.gov) website, over 100 print factsheets, Enforcement Advisories, FCC workshops, and participation in conferences. For more information, please visit [www.fcc.gov](http://www.fcc.gov).

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