



Key Update:

- Publishers Clearing House (PCH), a direct marketing company known for its sweepstakes, has agreed to pay \$18.5 million as part of a settlement with the Federal Trade Commission (FTC).
- The settlement follows allegations of deceptive practices, such as the use of "[dark patterns](#)" to encourage sweepstakes entries and purchases.
- As part of the settlement, PCH agreed to redesign its user interface in order to avoid confusion and ensure transparency.

The FTC claimed that PCH used deceptive tactics to lead consumers to believe that purchasing products was required to enter or increase their chances of winning sweepstakes, which was not the case. The alleged practices included the following:

- **Forcing customers to navigate endless pages of sales pitches.** Before being able to enter the sweepstakes, customers had to navigate through multiple websites filled with ads. According to the complaint, the commercials blurred the boundary between ordering and entering, encouraging consumers to assume that purchasing something was required for entrance or would boost their chances of winning.
- **Failure to disclose the true cost of a product.** PCH allegedly failed to disclose shipping and handling costs, which accounted for more than 40% of product costs, until after the purchase was completed, leaving customers unable to cancel the shipment.
- **Purchases that were claimed to be "risk-free."** PCH allegedly assured customers that their purchases on their website were risk-free, but failed to mention that customers would be responsible for return shipping costs on unwanted products.
- **Misleading email subjects.** PCH used email subject lines such as "High Priority Doc. W-34 Issued" or "W-19 Notice – Step 3 of 3 INCOMPLETE," to make customers believe they were dealing with official tax forms. However, these subject lines were made up, and the emails made no mention of these forms.
- **Inaccurate statements in the Privacy Policy.** Prior to January 2019, PCH's privacy policy stated that they did not share consumer data with third parties. However, the complaint alleges that PCH shared consumer data with marketers, advertisers, and publishing companies.

According to the lawsuit, many of the consumers affected by the practices were older people with lower incomes and more susceptible to the company's tactics. The FTC intends to use the \$18.5 million settlement to provide refunds to affected customers in order to address this issue. In addition, PCH has agreed to redesign its user interface to avoid future confusion among consumers. The FTC's lawsuit against PCH sends a clear message that it continues to target dark patterns, especially those affecting vulnerable consumers.

Authors



Wonji Kerper

Associate

WKerper@perkinscoie.com [206.359.3795](tel:206.359.3795)



Nathan W. Kosnoff

Discovery Attorney

NKosnoff@perkinscoie.com [206.359.6673](tel:206.359.6673)

Explore more in

Consumer Protection

Blog series

Consumer Protection Review

Consumer Protection Review helps businesses that market and sell to consumers navigate federal and state legal issues related to advertising, privacy, promotions, products liability, government investigations, unfair competition, class actions and general consumer protection. [Subscribe ?](#)

[View the blog](#)