



# FTC Warning Letters on Dealing Advertising: Is Your Dealership in Compliance?

*Presenters from PAA:*

*Chad Marsar, Esq. – President*

*Don Busey – Education and Compliance, Executive Director PTD*

*Brian J. Murren, Esq. – General Counsel*

## PAA Presenters



Chad Marsar, President



Donald Busey, Executive Director PTD



Brian Murren, General Counsel

# FTC issues 97 Warning Letters to Dealers across Nation

On March 13, the Federal Trade Commission (FTC) sent letters to 97 dealerships warning them of potential violations of federal advertising laws.

The letters cited multiple examples of illegal pricing practices, including:

- Advertising a price that does not reflect all required fees;
- Advertising a price that reflects rebates or discounts not available to all customers;
- Advertising a price that fails to take into account the amount of an additional required down payment.
- Conditioning the advertised price on consumers using dealer financing.
- Requiring consumers to buy additional items not reflected in the advertised price
- Advertising unavailable or nonexistent vehicles.



Bureau of Consumer Protection

UNITED STATES OF AMERICA  
FEDERAL TRADE COMMISSION  
WASHINGTON, D.C. 20580

[DATE]

Via Federal Express

[NAME]

[ADDRESS]

**Re: Deceptive Pricing**

**WARNING LETTER**

Dear [NAME]:

This letter is to advise you that you may be advertising prices for cars that are lower than what you actually charge consumers. Such deceptive tactics harm not only consumers, but competition, by making it hard for law-abiding businesses to compete on an even playing field.

One of the FTC's enforcement priorities is ensuring that advertised pricing is transparent and truthful. When consumers do not know the true price of a car—or any product—consumers and others suffer related consequences, including that consumers cannot comparison-shop and make informed decisions, sellers trying to deal honestly with consumers are put at a competitive disadvantage, and the market cannot operate efficiently. This is why the FTC has focused on promoting price transparency across multiple markets, including rental housing,<sup>1</sup> ticketing and hotels,<sup>2</sup> grocery delivery services,<sup>3</sup> and auto sales and leasing.<sup>4</sup> The FTC is committed to ensuring that the price consumers see in advertising is the actual price they will pay (aside from required government charges, like taxes). This is what the FTC Act, which prohibits deceptive or unfair acts or practices, requires.

Examples of illegal pricing practices include:

- advertising a price that does not reflect all required fees,
- advertising a price that reflects rebates or discounts not available to all consumers,

<sup>1</sup> E.g., Complaint, *FTC v. Greystar Real Estate Partners*, No. 1:25-cv-00165 (D. Colo. Jan. 16, 2025).

<sup>2</sup> E.g., Complaint, *FTC v. Live Nation Entertainment*, No. 2:25-cv-8884 (C.D. Cal. Sept. 18, 2025); see also Trade Regulation Rule on Unfair or Deceptive Fees, 16 CFR Part 464 (effective May 5, 2025).

<sup>3</sup> E.g., Complaint, *FTC v. Instacart*, No. 3:25-cv-10783 (N.D. Cal. Dec. 18, 2025).

<sup>4</sup> E.g., Complaint, *FTC v. Lindsay Chevrolet*, No. 1:24-cv-02362 (E.D. Va. Dec. 27, 2024) (alleging dealerships advertised prices they refused to honor and falsely claimed consumers were required to obtain financing through the dealership); Complaint, *FTC v. Leader Automotive Grp.*, No. 1:24-cv-13047 (N.D. Ill. Dec. 19, 2024) (alleging dealerships deceived consumers about the price and availability of vehicles, including by requiring consumers to pay additional fees for pre-installed products or charging consumers for those products without their knowledge); Complaint, *Asbury Auto. Grp., Inc.*, No. D-9436 (F.T.C. Aug. 16, 2024) (alleging dealerships inflated prices by adding hidden charges and requiring that consumers buy additional items).

- advertising a price that fails to take into account the amount of an additional required down payment,
- conditioning the advertised price on consumers using dealer financing,
- requiring consumers to buy additional items not reflected in the advertised price, and
- advertising unavailable or nonexistent vehicles.

I am concerned that your company may be engaging in one or more of these practices. Accordingly, I encourage you to review your practices, including by making sure the prices you advertise include all required fees and charges aside from required government charges, to ensure you are complying with applicable laws. This would include, at a minimum, evaluating your advertised prices and actual prices and confirming they match.

This letter is not intended to be a comprehensive statement of concerns that may exist about your dealership or dealership group. Nor is it intended to represent any conclusions on whether your dealership or dealership group is engaging in these practices. It is your company's responsibility to comply with all requirements of federal law, including Section 5 of the FTC Act and other laws and rules enforced by the Commission. We will continue to monitor the marketplace and take additional action as warranted. Additionally, please note that I am distributing similar notifications to other auto dealers.

Copies of the cases discussed in this letter are available on the Commission's website at [www.ftc.gov](http://www.ftc.gov). The Commission's website has other important resources designed to ensure that businesses know their responsibilities under the FTC Act and other laws and rules enforced by the Commission.

Sincerely,

Christopher Mufarrige  
Director  
Bureau of Consumer Protection  
Federal Trade Commission

# Dealer Advertising

## Sources of advertising rules:

## Pennsylvania specific laws:

- Title 37 – Automotive Industry Trade Practices Regulations
- Title 73 – Fair Trade and Business Practices – Unfair Competition, Acts or Practices
- Title 18 – Riot, Disorderly Conduct and Related Offenses

## Federal laws:

- Regulation M
- Regulation Z
- Federal Trade Commission Act

# The “Most Prominent Price”

- FTC sent letters as an industry-wide warning to improve price transparency
- FTC has taken the position that the “Most Prominent Price” in all ads must be the all-in price (everything except for government fees).
- The “Most Prominent Price” must be the out-the-door price at which any consumer can purchase the vehicle.
- Documentary fees must be included in the all-in “Most Prominent Price” if the dealer intends to charge doc fee.
  - Doc Fee must be included regardless of conflicts with a state like Pennsylvania’s
  - FTC is not regulating the amount of the doc fee



CORRECT:

The most prominent advertised price includes all delivery charges and clearly lists as extra taxes, title and registration costs.

## ALL STAR DEALERSHIP

1234 Main Street, Hometown PA

**\$34,490\***



Stock#1234

### 2026 HONDA CRV

\*Price includes \$490 Documentary Fee. Taxes, Title, and Registration extra.

## Advertising a Price that reflects Rebates not available to every customer

- 73 P.S. § 301.2(20) – The advertising by a motor vehicle dealer of a motor vehicle for sale at a price or price comparison which represents less than the total cash price to be paid by a retail purchaser, unless the advertisement clearly and conspicuously discloses that the price is offered with reference to a trade-in or other method of price reduction and discloses the amount of such allowance. A set-off, discount, trade-in allowance, or other price reduction shall be shown as a specific dollar reduction from the advertised price required in this paragraph.
- Rebates must represent a true discount for an amount or reduction which the dealership has actually sold vehicles of the same make, model and equipment within 30 days of the preceding 90 days. Dealers must retain their records relating to rebate promotion for at least 60 days after the advertisement.

# Advertising a Price that reflects Rebates not available to every customer

- **FTC Guidance – Dealers may still advertise rebates.**
- For rebates that every single customer can receive, the rebate can be included as part of the ad to reduce the all-in, Most Prominent Price.
- If the rebate is not available to every customer, the rebates can be advertised at a smaller font below the Most Prominent Price. Appropriate disclaimers are recommended.



**CORRECT:**

The advertisement clearly discloses the limitations and requirements of the rebate.

Now through December 31, all class of 2026 college grads receive a \$1,000 dealer rebate on any Volkswagen Tiguan in stock.

## 2026 Volkswagen Tiguan


**MSRP: \$33,999**

**YOU PAY \$32,490\***

Bring in your diploma  
and get \$1,000 rebate  
**\$31,490\***



\*Price includes \$490 Documentary Fee. Taxes, Title, and Registration extra.



# Conditioning a vehicle price on consumers using dealer financing

- **FTC GUIDANCE** – If finance rates are not available to every customer, cannot be advertised in the Most Prominent Price.
- Dealer financing may be advertised in a less prominent manner, with appropriate disclosures
- The ability of any customer to finance or lease a particular vehicle depends on the specific terms of the transaction and the customer's income and credit history. Advertisements cannot state or imply that customer credit has been pre-approved. A distinction must be made between completing an application and extending credit.



**CORRECT:**

Advertising the amount of monthly payments triggers the required disclosure of the amount of the down payment, terms of repayment and APR, each of which appear clearly and conspicuously. Dealer financing depicted separately.

**ALL STAR DEALERSHIP**

**2026 HONDA ACCORD**

LX Sedan, Model #4596218

**\$34,490\***



**QUALIFIED BUYERS THROUGH  
HONDA FINANCING MAY BE AS LOW AS**

**\$508**

**PER MONTH FOR 60 MONTHS**

Cash down or trade equity of \$4,490\* and 60 payments  
at 3.8% APR.

\*Price includes \$490 Documentary Fee. Taxes, Title, and Registration extra.

## Advertising a price that fails to take into account the amount of an additional required down payment

- If the **Most Prominent Price** will require a down payment, the advertisement must make clear in a conspicuous manner the terms of the advertisement, i.e., the amount of the required down payment.
- 73 P.S. § 301.1 – Definitions – “Clear and conspicuous” – A statement, representation or term differing from other statements, representations or terms being made so as to be readily noticeable to the person to whom it is being disclosed either by its size, sound, color, placement in the advertisement or the like.
- **Following FTC Warnings, Dealers should be cautious advertising any price requiring financing or down payments which could be construed as “deceptive.”**



INCORRECT:

The use of “mouse type” in this advertisement is not considered clear and conspicuous.

**ALL NEW 2026 CHEVROLET EQUINOX**



2026 EQUINOX **\$399/mo.\***

\*Based on \$4,000 down payment or trade with 48 monthly payments at 8% APR.

Advertising a price that fails to take into account the amount of an additional required down payment



**CORRECT:**

Advertising the amount of monthly payments triggers the required disclosure of the amount of the down payment, terms of repayment and APR, each of which appear clearly and conspicuously.

**ALL STAR DEALERSHIP**

**2026 FORD F-150**

Model #4596218

**\$42,490\***



Ford Connectivity Package (1-Year Included)  
6 Speakers  
AM/FM radio: SiriusXM with 360L  
Radio data system  
Radio: AM/FM Stereo with SiriusXM 360L  
Air Conditioning  
Power steering  
Power windows  
Remote keyless entry

**A LOW MONTHLY PAYMENT OF  
\$636**

**PER MONTH FOR 60 MONTHS**  
Cash down or trade equity of \$4,490\* and  
60 payments at 5.9% APR.

\*Price includes \$490 Documentary Fee. Taxes, Title, and Registration extra.

Advertising a price that fails to take into account the amount of an additional required down payment

# Conditioning a vehicle price on consumers using dealer financing

## Credit Availability

### Statements to avoid include:

- "All credit applications accepted."
- "No application for credit will be rejected."
- "We finance everyone."
- "No one is turned down with bad credit."
- "Everyone qualifies for credit."
- "Your credit is always good at our dealership."

### Acceptable phrases include

- "All credit applications will be reviewed."
- "With your good credit..."
- "With bank approval..."

## Requiring consumers to buy additional items not reflected in the advertised price

- Dealers should be cautious including optional add-ons or products as part of the Most Prominent Price.
- Including optional add-ons creates room for deceptive practices and potential payment packing
- Examples: FTC warned dealers for advertising used vehicles as being certified but requiring customers to pay additional for certification.

## Requiring consumers to buy additional items not reflected in the advertised price

- **PAA Guidance:** Any mandatory add-ons must be included in the **Most Prominent Price**.
- If product cannot be negotiated out of deal, must be included in advertisement.

Requiring consumers to buy additional items not reflected in the advertised price

## Factor guidance for when an add-on is “required”

- Pre-installed and not removable – cannot be removed without damage or substantial effort
- No prior practice of removal – Dealer does not remove or disable as a practice
- High attach rates – Installed on every vehicle and sold at consistently high rates. A very high market penetration rate is itself a red flag that the add-on may not be truly optional.

# Advertising unavailable or nonexistent vehicles

- **FTC warned dealers over classic “bait and switch” tactics.**
- Dealers receiving warning letters advertised vehicles that do not exist at an attractive price to draw consumers in. Dealers did not have the advertised vehicles in inventory, and these vehicles were not in transit.

# Advertising unavailable or nonexistent vehicles

- **Generic availability disclaimers do not cure the problem.** Disclaimers such as “Price valid for in-stock units only,” or “Contact dealer to verify availability,” will not suffice.
- It is an unfair or deceptive practice to advertise vehicles that are not in a dealer’s inventory. The dealer must disclose if an advertised vehicle is not in stock or must be ordered.
- Stating an anticipated delivery date is required.
- The dealer must state if an advertised vehicle is available in limited quantity.

# Advertising unavailable or nonexistent vehicles

- If an advertisement pertains to one specific vehicle only, this fact must be clearly stated. Including a stock number is recommended.
- For multiple vehicles, dealers are expected to have adequate quantities in stock in anticipation of reasonable public demand. A reasonable quantity is based on the dealer's sales knowledge and experience.
- If supply is limited, advertising must state the actual quantity available or "supply limited."
- The dealer must disclose the expiration date, if any, of a promotion or sale. If a customer has an old advertisement without an expiration date, the dealership could be required to honor the advertised term.

## Advertising unavailable or nonexistent vehicles

- These advertisements properly illustrate when only one vehicle is available or when supplies are limited and an offer expires.



**CORRECT:**

These advertisements properly illustrate when only one vehicle is available or when supplies are limited and when an offer expires.

### **2026 Hyundai Sonata**

**\$28,000\***



\*Price includes \$490 Documentary Fee. Taxes, Title, Stock #227541 and Registration extra.

### **2026 Kia K4**

**as low as \$25,200\***



Supplies are limited.

Offer expires 6/30/2026

\*Price includes \$490 Documentary Fee. Taxes, Title, and Registration extra.

# Advertising unavailable or nonexistent vehicles

## Photo Disclaimers

- Disclaimers such as “vehicle pictured may not represent actual vehicle” do not cure a deceptive ad.
- If a substitute photo is used, it must depict the same year, make, model and trim as the advertised vehicle.
- A photo of a different trim level, color-matched package, or higher equipment level is misleading regardless of any disclaimer.
- Advertising a vehicle with a photo that does not accurately represent the vehicle being offered for sale will constitute a deceptive practice.

# Lease Advertising

## Federal Consumer Leasing Act – Regulation M

- Vehicle lease advertising is governed by federal laws, specifically by Regulation M and the Truth in Lending Act.
- Certain trigger terms require additional disclosure within the same advertisement for consumer leases:

### Description of Example(s)

The amount of any payment

“\$200 per month”

“monthly payments under \$300”

The mention of any down payment

“no money down”

“\$200 down”

No payment is required prior to or at consummation of lease

“Zero due at lease signing”

“No cap cost reduction”

# Lease Advertising

## Federal Consumer Leasing Act – Regulation M

- If any of the aforementioned “trigger terms” are used, the following four terms must also be disclosed within the same advertisement:
  - **That the transaction is a lease;**
  - **The total amount due at lease signing;**
  - **Whether a security deposit is required; and,**
  - **The number and amounts of payments.**

# Lease Advertising

## Federal Consumer Leasing Act – Regulation M

- If Doc Fee will be charged, it should be included in the “Total Amount Due at Lease Signing,” language.
- Recommended that the “Total Amount Due at Lease Signing” contain all typical items charged, including but not limited to:
  - Doc Fee
  - Downpayment
  - Security deposit
  - Lease acquisition fee
  - First monthly payment, and
  - Any charges that must be paid by the customer before delivery of the vehicle

## ALL STAR DEALERSHIP

1234 Main Street, Hometown PA



**Lease a 2026  
Jeep Compass  
\$259/month  
36-month lease**

Due at Signing: \$4,674 (includes \$259 first month's payment, \$3,000 cash, \$925 acquisition fee, and \$490 doc fee; excludes tax, title, & registration. Security deposit: \$0. Mileage allowance: 10,000 miles/year - excess mileage: \$0.25/mile  
On Approved Credit through Stellantis Financial Services.

# Monroney Labels and Addendums

- Addendums should be added to vehicles if not being sold at MSRP.
- The addendum should disclose that it is the dealer's asking price, and should itemize each dealer-added item, including Doc Fee, to allow consumers to compare the total MSRP.
- The total asking price on the addendum must match the total price advertised online, in third-party listings, and in any other medium for the same vehicle.



Questions?