

Too Much Junk

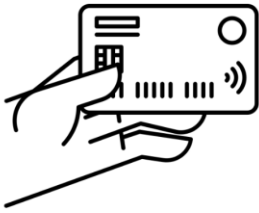
A **fee** is a charge. No one likes surprise fees. Surprise fees can create many problems. In our thinkLaw math lab today we will look at surprise fees.

Too Much Junk

Junk fees are “hidden fees” or “surprise fees.” These fees are unexpected or unfair charges that businesses add. The customers see a price for an item, but when they check out the price is much higher because junk fees have been added.

Junk Fee 1: Banking Fees

(U.S. Consumer Financial Protection Bureau v. Bank of America, 2023)



John was at the store, ready to buy his favorite snacks. He reached for his bank card to pay, but the cashier's machine said the card was declined. John was confused. He tried the card again, but the machine still did not like his card.

It turned out that John did not have enough money in his bank account to pay for the snacks. John did not know this when he tried to make the purchase.

John's bank has a rule that if you tried to use your card but do not have enough money, they will charge you a \$35 fee. This fee is called a **non-sufficient funds fee**.

How much do you think John should have to pay? Why?

Bank of America charged their customers the non-sufficient every time the card was run. John tried to use the card twice because he did not know why the card was not working.


How much did John have to pay?

Bank of America made a lot of money charging customers the same fee multiple times in one transaction. The U.S. Financial Protection Bureau sued Bank of America over these junk fees.

What is the best argument Bank of America should win?

What is the best argument Bank of America should lose?

Junk Fee 2: Traveler's Fees (Traveler's United v Sonesta International Hotels, Washington D.C., 2023)

	<p>Sonesta Hotels owns hotels throughout the United States. Customers can go to their website to look for hotel rooms. The listing shows a description of the room and the price to stay in the room for one night. However, when customers reach the final check out page, many fees have been added.</p> <p>This type of pricing is called drip pricing. Drip pricing means that the company does not show you the full price upfront. Instead, they wait until you have invested time and effort into selecting the room and then add on fees at the end.</p> <p>Traveler's United, a group that helps people who travel, thinks that drip pricing is unfair. They say that hotels and other companies should always show the full price of a product or service upfront, so that people know exactly how much they are going to pay before they book or buy anything. Traveler's United sued Sonesta Hotels. They claim the hotel's drip pricing is unfair to travelers.</p>	
<p>The Royal Sonesta Boston lists a hotel room with a king bed and view of the city for \$309 a night.</p> <p>Three additional fees are added:</p> <ul style="list-style-type: none"> • Hotel Tax \$44.65 • Assessment Tax \$4.64 • Destination Fee \$22.03 	<p>How much will you pay for one night?</p>	
<p>The Benjamin Royal Sonesta Hotel New York lists a deluxe room with a king bed for \$189 a night.</p> <p>Three additional fees are added:</p> <ul style="list-style-type: none"> • State Occupancy Tax \$97.54 • Development Tax \$1.50 • NYC Occupancy Tax \$64.57 • Hotels Facilities Fee \$48.20 • Room Tax \$4.00 	<p>How much will you pay for one night?</p>	
<p>Who should win?</p> <p><input type="checkbox"/> Traveler's United</p> <p><input type="checkbox"/> Sonesta</p>	<p>Why?</p>	

The **Federal Trade Commission**, or FTC, is a government agency that works to protect consumers from unfair business practices, like when companies try to hide extra charges until the very end. The FTC wants to make a new rule that says companies must show you the total price of something right from the start, no surprises!

Should the FTC pass the rule? Why or why not?

Discussion Questions

- Why do you think businesses might use surprise fees?
- What potential problems can arise for consumers when they come across surprise fees?
- Do you think the FTC's new rule is necessary?
- How can you avoid being surprised by junk fees when buying something?