

FTC Staff Says Mobile Apps Fail to Disclose Important Info Pre-Download

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The FTC recently released a new [staff report](#) on mobile shopping apps, concluding that consumers often do not receive important information about app developers' policies prior to download. The report surveys 121 apps that offer price comparisons, coupons and discounts, or in-store purchases to review how users receive certain disclosures, including how to address payment-related disputes and the app's handling of consumer data. The report asks app developers to more clearly disclose their dispute resolution mechanisms and liability limitations before consumers download app software, particularly where the app processes payments using prepaid, gift, or "stored value" accounts. In this latter case, says the Report, consumers should be aware if any unauthorized charges on such accounts will be their sole responsibility. The FTC also found that app privacy disclosures often used vague language (e.g., use of data to "enhance" or "improve" users' shopping experience) and reserved overly broad rights to share consumers' information without restrictions. The report emphasizes the need for developers to clearly describe their privacy practices in connection with the app and provide particular examples. Lastly, the report emphasized that developers must follow through on promises to safeguard consumer data and provide strong protections for the information collected from users. For example, if app developers promise to implement "technical," "organizational," or "physical" safeguards, such as data encryption, they must honor these commitments.

Tip: The FTC's guidance suggests mobile shopping and payment app developers should pay close attention to the way in which privacy practices, dispute resolution mechanisms, and limitations of liability are conveyed to consumers prior to download. As the FTC has repeatedly emphasized, clear and prominent disclosures are key to ensuring consumers have access to material information in the mobile environment. Additional resources include the FTC's workshop report, [Paper, Plastic...or Mobile](#) and its [current list](#) of mobile technology initiatives and enforcement matters.

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