BLOG

Apple Settles With FTC Over Unauthorized In-App Purchases

FEBRUARY 12, 2014

The FTC recently settled with Apple over allegations that the company improperly charged account holders for unauthorized in-app purchases made by their children. In the complaint the FTC alleged one count, namely unfair billing practices under Section 5 of the FTC Act. The FTC contended that it was unfair to not disclose to parents that by entering a password prompt in an app, the app stored the password for 15 minutes, and that children could make purchases in the app during that 15 minute window without having to re-enter the parent's password. As a result, according to the FTC's complaint, "tens of thousands of consumers have complained about unauthorized in-app charges by children, and many consumers have reported hundreds to thousands of dollars in such charges." Apple has now agreed to obtain an account holder's express, informed consent before billing that account for an in-app charge, and will allow the account holder to revoke that consent at any time. Under the consent order, Apple will also provide $32.5 million in consumer refunds for unauthorized in-app charges incurred by minors, and will be providing "an electronic notice" about the refunds in mid-April to anyone who made an in-app purchase before March 31, 2014. If Apple issues less than $32.5 million in refunds during the 12-month redress period, it must remit the remainder of the balance to the FTC.

Tip: This case is a reminder that the FTC takes unfairness and deception seriously when applied to the app-based world.

1 Min Read

Related Locations

Chicago

Related Topics

Mobile Privacy

Online Privacy

Related Capabilities

This entry has been created for information and planning purposes. It is not intended to be, nor should it be substituted for, legal advice, which turns on specific facts.