

FTC Files Mobile “Cramming” Case

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The FTC recently filed its first court action against an alleged mobile “cramming” operation. In its complaint, the FTC alleges that Wise Media, LLC placed unauthorized charges on consumers mobile phone bills, a practice known as “cramming.” The defendants purportedly charged consumers for premium text-message services that delivered messages with horoscopes, life advice, and other information. According to the FTC, consumers throughout the country were signed up in seemingly random fashion for these services, regardless of whether they knowingly signed up for the services. The company charged \$9.99 per month for the services and added the charge directly to consumers’ mobile phone bill through agreements with third-party billing aggregators. The FTC’s complaint states that many consumers were not aware of the charges but paid their bill in full, and consumers that complained to their mobile phone companies or directly to Wise Media had to spend substantial time and effort to receive refunds. What is more, many consumers claim that Wise Media did not provide many of the refunds promised to consumers. Alleging both deception and unfairness under Section 5 of the FTC Act, the FTC has requested temporary and permanent injunctions and monetary relief from defendants.

TIP: The FTC has taken renewed interest in cramming—especially regarding cramming on mobile phone bills. All companies that charge consumers for mobile services should be clear about the charges they will place on mobile bills and have strong policies and procedures in place to ensure that consumers only receive charges for services they request.

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