






FEDERAL TRADE COMMISSION
PROTECTING AMERICA'S CONSUMERS

For Release

FTC Announces CARS Rule to Fight Scams in Vehicle Shopping

Combating Auto Retail Scams (CARS) Rule targets bait-and-switch tactics, junk fees; includes clear protections for military members, who are frequent targets for vehicle scams

December 12, 2023 |   

Tags: [Consumer Protection](#) | [Bureau of Consumer Protection](#) | [Cars](#) | [deceptive/misleading conduct](#) | [Automobiles](#) | [Advertising and Marketing](#) | [Advertising and Marketing Basics](#) | [Credit and Finance](#) | [Payments and Billing](#)

The Federal Trade Commission has [finalized a new rule](#) to fight two common types of illegal tactics consumers face when buying a car: bait-and-switch tactics and hidden junk fees. The new rule is expected to save consumers nationwide more than \$3.4 billion and an estimated 72 million hours each year shopping for vehicles.

The Combating Auto Retail Scams (CARS) Rule also includes clear protections for members of the military and their families, who are targeted not only with bait-and-switch tactics and junk fees, but also deceptive information about whether dealers are affiliated with the military and other specific issues that affect servicemembers.

"When Americans set out to buy a car, they're routinely hit with unexpected and unnecessary fees that dealers extract just because they can," said FTC Chair Lina M. Khan. "The CARS Rule will prohibit exploitative junk fees in the car-buying process, saving people time and money and protecting honest dealers."

The CARS Rule prohibits dealers from using bait-and-switch claims to lure vehicle buyers to the lot, including about the cost of a car or the terms of financing, the availability of any discounts or rebates,

Give Feedback

and
the



actual availability of the vehicles being advertised. It also tackles hidden junk fees – charges buried in lengthy contracts that consumers never agreed to pay. In some cases, these fees are for services or products that provide no benefit to consumers.

Vehicles are one of the most significant purchases that American consumers make – for many, a vehicle is the single most expensive item they will ever purchase. The CARS Rule targets illegal practices that capitalize on the challenging nature of buying a vehicle, particularly the often lengthy and opaque process that can leave consumers open to scams by unscrupulous car dealers.

What the CARS Rule Requires:

- **No Misrepresentations:** The rule prohibits misrepresentations about key information, like price and cost.
- **Offering Price, Total Payment, and Add-Ons Optional:** Dealers have to provide the offering price—the actual price any consumer can pay for the vehicle; tell consumers that optional add-ons (like extended warranties) are not required; and give information about the total payment when discussing monthly payments.
- **No Bogus Add-Ons:** The rule prohibits dealers from charging for any add-on that does not provide a benefit to consumers. Examples of such add-ons include: warranty programs that duplicate a manufacturer’s warranty, service contracts for oil changes on an electric vehicle, GAP agreements that do not actually cover the car or neighborhood in which it is housed, or other parts of the deal, and software or audio subscription services on a vehicle that cannot support the software or subscription.

- **Get Consumers' Consent:** The rule requires dealers to get consumers' express, informed consent for any charges that they pay as part of a vehicle purchase.

How the CARS Rule Affects Servicemembers

For members of the military, the issues addressed by the CARS Rule are compounded by dealers who prey especially on young servicemembers, for whom having a vehicle is often vital when stationed on sprawling military bases. Servicemembers have an average of twice as much auto debt as civilians. By the age of 24, around 20 percent of young servicemembers have at least \$20,000 in auto debt, which creates a substantial challenge to servicemembers' financial well-being.

The CARS Rule prohibits dealers from lying to servicemembers and other consumers about important cost and financing information, and about whether the dealers are affiliated with the military or any other governmental organization. They also are prohibited from lying about whether a vehicle can be moved out of state (which affects servicemembers and their families, who must frequently move to new duty stations) and whether a vehicle can be repossessed (there are laws that protect many servicemembers from having their vehicle repossessed).

"The Department of Defense appreciates the FTC's CARS Rule," said Ashish S. Vazirani, Acting DoD Under Secretary of Defense for Personnel and Readiness. "For our service members and their families a car is an essential purchase, and this CARS Rule will help fight predatory practices that target our men and women in uniform. The Department is pleased to see the FTC issue the CARS and believes it will contribute to service members' overall economic security and readiness."

How the CARS Rule Was Created

The FTC [issued a Notice of Proposed Rulemaking](#) related to motor vehicle shopping in June 2022 and, during a months-long comment period, the agency received tens of thousands of comments from consumers, servicemembers, veterans, auto dealers and others about the proposed rule. The FTC carefully reviewed these comments and made substantial changes to the proposed rule in creating the CARS Rule.

The changes ensure that the rule is focused on protecting consumers from many of the most common scams that target people buying vehicles while also ensuring that auto dealers are able to compete on a level playing field. Many auto dealers submitted comments to the proposed rule noting

that they lost business to other dealers who used deceptive bait-and-switch tactics. The CARS Rule takes steps to protect not only consumers but also honest dealers and competition.

What Happens Next

The CARS Rule will take effect on July 30, 2024. The FTC has created new guidance for consumers to help them understand their rights when they buy a vehicle once the rule goes into effect.

The FTC has also created guidance on the CARS Rule for auto dealers, including a website with frequently asked questions and other advice as dealerships prepare for the rule to take effect.

The Commission vote to approve the issuance of the final rule was 3-0. The full text of the rule will be published shortly in the Federal Register.

The Federal Trade Commission works to promote competition and [protect and educate consumers](#).

The FTC will never demand money, make threats, tell you to transfer money, or promise you a prize.

Learn more about consumer topics at consumer.ftc.gov, or report fraud, scams, and bad business practices at ReportFraud.ftc.gov. Follow the [FTC on social media](#), read [consumer alerts](#) and the [business blog](#), and [sign up to get the latest FTC news and alerts](#).

Press Release Reference

[FTC Proposes Rule to Ban Junk Fees, Bait-and-Switch Tactics Plaguing Car Buyers](#)

[La FTC propone una norma para prohibir las tarifas extras ocultas y las tácticas de engancho y engaño a los compradores de automóviles](#)

Give Feedback

Contact Information

Contact for Consumers

Consumer Response Center

[877-382-4357](tel:877-382-4357)

<https://reportfraud.ftc.gov>

Media Contact

[Jay Mayfield](#)

Office of Public Affairs
202-326-2656

Give Feedback