[US] FTC reaches Settlement with Apple on In-App Purchases

IRIS 2014-6:1/39

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On 15 January 2014 Apple Inc. (“Apple”) agreed to settle a complaint with The Federal Trade Commission (“FTC”) that Apple violated the FTC Act by failing to tell parents that they were approving an in-app purchase and 15 minutes of additional unlimited purchases by simply entering a password. The complaint was triggered by complaints the FTC had received from parents for in-app charges that were incurred by children that were either accidental or not authorized.

Under the terms of the agreement, Apple will provide full refunds to consumers for charges incurred by children that were either accidental or not authorized by the consumer and give notice of the availability of the refunds to all consumers charged for in-app charges. Should Apple issue less than $32.5 million in refunds within one year after the settlement becomes final, it must remit the balance to the FTC. Apple will also change its billing procedures to require express consent from consumers before all charges are incurred for items sold in mobile apps and provide consumers with the option to withdraw their consent at any time.

FTC Chairwoman Edith Ramirez praised the agreement, exclaiming that “[t]his settlement is a victory for consumers harmed by Apple’s unfair billing, and a signal to the business community: whether you’re doing business in the mobile arena or the mall down the street, fundamental consumer protections apply.”

Federal Trade Commission Complaint, no 112-3108

http://www.ftc.gov/sites/default/files/documents/cases/140115applecmpt.pdf

Settlement, 15 January 2014

http://www.ftc.gov/sites/default/files/documents/cases/140115appleagree.pdf

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