

The FTC Actively Enforcing Truthful Review and Endorsement Practices

Third-Party Review Services are a Focus

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On January 25, the Federal Trade Commission announced that Fashion Nova LLC will be prohibited from suppressing customer reviews of its products and required to pay \$4.2 million to settle allegations that the company blocked negative reviews of its products from being posted to its website.

According to the FTC complaint, Fashion Nova used a third-party online product review management interface to automatically post four- and five-star reviews to its website and hold lower-starred reviews for the company's approval. The FTC also alleges that from late 2015 until November 2019, Fashion Nova never approved or posted the hundreds of thousands of lower-starred, more negative reviews.

The FTC also announced that it is sending letters to 10 more companies offering review management services to place them on notice that avoiding the collection or publication of negative reviews violates the FTC Act. The

FTC has released new guidance for **online retailers** and **review platforms** regarding the agency's key principles for collecting and publishing customer reviews in ways that do not mislead customers. "Deceptive review practices cheat consumers, undercut honest business, and pollute online commerce," said Samuel Levine, director of the FTC's Bureau of Consumer Protection.

In October 2021, the Commission warned more than 700 businesses that they could incur significant civil penalties (up to \$46,517 for each violation) if they use reviews or other endorsements in ways that are unlawful.

If your enterprise relies on reviews and endorsements for promotional value, their collection and promotion must be transparent and reliable. It is important to evaluate your collection policies to ensure that you are in compliance with current guidelines.

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