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Business Blog

# FTC's CARS Rule: Why a new rule to combat auto retail scams is great news for consumers and honest dealers

By: Lesley Fair | December 12, 2023 |   

In the drive toward **Combating Auto Retail Scams**, [the FTC's just-announced CARS Rule](#) is a big win for consumers, who lose billions of dollars in wasted time and money each year to illegal practices like bait-and-switch tactics and junk fees. It's also a big win for honest car dealers who strive to apply established truth-in-car-buying principles at their dealerships and shouldn't have to compete against dealers who don't. Why is the CARS Rule such a game changer and what [compliance guidance](#) does the FTC have for industry members? Read on for more information.

The [CARS Rule](#) is the culmination of a years-long effort to ensure truth and transparency in the process of buying and leasing cars and trucks. The FTC published a proposed rule last year and received thousands of comments from dealers, consumers groups, and others. Based on what commenters had to say and the FTC's law enforcement efforts to combat auto retail scams, the CARS Rule restates established consumer protection principles in straightforward language specific to the auto industry and includes new remedies if a car dealer engages in certain deceptive or unfair practices.

By stating clear rules of the road that apply across the board, the [CARS Rule](#) means consumers can face the car shopping process confident that established standards that apply to any other business also apply to car dealers. What's more, honest car dealers will be less likely to lose a sale to unscrupulous competitors who resort to underhanded tactics to seal the deal. And the CARS Rule does that without requiring consumers or dealers to fill out any new paperwork.

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What does the CARS Rule require? You'll want to consult the FTC's new [CARS Rule Dealers Guide](#), but in brief, the CARS Rule:

- Prohibits misrepresentations about certain material information;
- Requires dealers to clearly disclose the offering price – the actual price anyone can pay to get the car, excluding only required government charges. Before they visit the dealership and throughout the transaction, consumers have the right to know the drive-off-the-lot price. If a dealer mentions optional add-ons, the dealer has to tell the consumers they can say no. And if discussing a monthly payment, the dealer has to tell the consumer total payment information;
- Makes it illegal for dealers to charge consumers for add-ons that don't provide a benefit;
- Requires dealers to get consumers' express, informed consent before charging them for anything.



# Combating Auto Retail Scams



The FTC's CARS Rule protects consumers and benefits honest dealers.

## Here's how:

1

**Prohibits misrepresentations about material information.**

The CARS Rule makes it illegal for a dealer to make misrepresentations about certain topics that would affect a consumer's buying or leasing choices. Deceptive claims about price, financing, or add-ons are a few examples.

2

**Requires dealers to clearly disclose the offering price – the actual price anyone can pay to get the car, excluding only required government charges.**

Before they visit the dealership and throughout the transaction, consumers have the right to know the drive-off-the-lot price. If a dealer mentions optional add-ons, the dealer has to tell the consumers they can say no. And if discussing a monthly payment, the dealer has to tell the consumer the total payment.

3

**Makes it illegal for dealers to charge consumers for add-ons that don't provide a benefit.**

Under the CARS Rule, if the consumer won't benefit from an add-on product or service, the dealer can't charge for it.

4

**Requires dealers to get consumers' express, informed consent before charging them for anything.**

That means no surprise fees or hidden charges. Dealers must get a buyer's clear and informed "yes" to what they're buying and how much they're being charged.

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[ftc.gov/carsruledealersguide](https://www.ftc.gov/carsruledealersguide)

The upshot? In case it wasn't already apparent, car dealers who make deceptive claims about key parts of the transaction; hide the actual price through the use of hidden fees, misleading add-ons, or unclear payments; charge consumers for add-ons that don't provide a benefit; or charge consumers for anything without the person's express, informed consent now could have to pay up.


For many dealers, the long-standing truth and transparency principles of the [CARS Rule](#) are already business-as-usual at their business. But for those who cut corners, bait and switch, tell tales, and conceal costs, the CARS Rule ushers in a new era in consumer protection.


Is your dealership in compliance with the Rule? A new Dealers Guide (the full name is [FTC CARS Rule: Combating Auto Retail Scams – A Dealers Guide](#)) offers to-the-point advice and answers questions dealers may have. [Subscribe to the Business Blog](#) for upcoming posts to help you make sure your practices measure up.

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