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Federal and State Regulators Continue Crackdown on Junk Fees

With $4 Million Auto Dealer Settlement

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On August 19, 2026, the Federal Trade Commission (FTC) and the Connecticut attorney general (AG) announced that they had reached a settlement agreement with an auto dealer, highlighting the state and federal regulators' continued focus on price transparency and junk fees. As a part of the settlement agreement, the dealer agreed to pay $4 million for consumer restitution, redress, and remediation.

The FTC and the Connecticut AG initially filed suit against Chase Nissan LLC d/b/a Manchester City Nissan, a motor vehicle dealership located in Manchester, CT, in early January 2024.

The FTC's Allegations

Pursuant to its unfair or deceptive acts or practices (UDAP) authority, the FTC alleged that Chase Nissan engaged in deceptive and unfair acts or practices in violations of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), in advertising, marketing, promoting, offering for sale, lease, or financing, or selling, leasing or financing of motor vehicles.

The Connecticut Attorney General's Allegations

The Connecticut AG, on the other hand, alleged these same practices violated the Connecticut Unfair Trade Practices Act, Conn. Gen. Stat. §§ 42-110a, *et seq.*, which adopts the same UDAP standard as under the FTC Act.

Specifically, the 2024 complaint alleged two activities that violated federal and state law:

1. charging for and financing junk fees; and
2. charging for and financing unauthorized ancillary products.

Allegation 1: Charging for and Financing Junk Fees

First, the FTC and the Connecticut attorney general alleged that Chase Nissan charged consumers junk fees in the form of certification fees and inflated registration and other official fees.

Certification Fees

- The FTC and the Connecticut attorney general alleged that the defendants advertised certified pre-owned vehicles at specific practices on their website and third-party platforms but then charged consumers hundreds to thousands of dollars in additional, undisclosed fees for services that were already included in the certification process, such as inspection, reconditioning, and certification charges.
- The regulators asserted that the defendants falsely represented that these fees were required, when in fact, manufacturers specifically prohibit dealers from separately charging consumers for certification costs.

Inflated Registration and Other Official Fees

- The regulators also alleged that the defendants inflated state registration and other mandatory government fees, tacking on unauthorized surcharges without the consumers' knowledge or consent.
- The FTC and Connecticut AG further alleged that, in some instances, the defendants double-charged consumers for taxes and documentation fees.

Allegation 2: Charging for and Financing Unauthorized Ancillary Products

Second, the FTC and Connecticut attorney general alleged that the defendants charged consumers for optional ancillary products, including GAP insurance, service contracts, maintenance contracts, and Total Loss Protection, without obtaining the consumers' express informed consent.

The regulators alleged in the complaint that the defendants charged consumers for, and often financed, these add-on products either **without the consumers' knowledge or consent, after the consumers had been informed by the defendants that the products were free, or after the consumer had expressly declined to purchase the products.**

The regulators further alleged that, in some instances, the defendants **mislabeled optional add-on charges in ways that led consumers to believe they were mandatory** (e.g., labeling an optional ancillary product charge in the contract as "Taxable Fees (Estimated)") and falsely represented that certain add-on products were required by the finance company or the dealership itself.

Regulators Continue to Target Junk Fees

This case, *FTC and State of Connecticut v. Chase Nissan LLC d/b/a Manchester City Nissan,* serves as a reminder that regulators remain concerned with price transparency and so-called "junk fees," particularly in the auto finance space.

Additionally, we note that the initial complaint against Chase Nissan was filed in 2024 under the Biden Administration and was resolved under the current leadership of the FTC, again indicating that the federal regulator remains focused on eliminating junk fees.

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