



## **Enforcement Statement on Junk Fees**

As our country grapples with an affordability crisis, many New Jerseyans have discovered a frustrating truth: the prices they pay are being driven up by hidden or worthless fees. These “junk fees”—often buried in the fine print or revealed only at checkout—are quietly draining household budgets and deepening our state’s affordability crisis. Fees that are excessive and offer consumers no real value operate as a hidden tax on consumers, siphoning away their hard-earned money while providing virtually nothing in return. Consumers end up paying junk fees even when they do not understand them or are not aware of them. And as technology and artificial intelligence increasingly shape buying behavior, dishonest sellers have become adept at exploiting consumers by making junk fees impossible to avoid and manipulating consumers into paying these fees.

New Jersey’s landmark consumer protection law—the New Jersey Consumer Fraud Act (CFA)—provides a critical bulwark against the endemic practices companies use to hide or bury junk fees. This enforcement statement describes common junk fees, and it explains how some widespread practices surrounding junk fees may violate the CFA.<sup>1</sup> The New Jersey Office of the Attorney General and the Division of Consumer Affairs intend to monitor and take action against junk fees to curb abuses, protect New Jersey consumers, and ensure that honest businesses compete in a fair marketplace in compliance with state law.<sup>2</sup>

### **Junk Fees: An Overview**

Junk fees—hidden, surprise, or excessively overpriced fees, including those associated with a good or service that provides little or no benefit to the consumer, or fees that are otherwise not transparently disclosed to the consumer—are everywhere. These junk fees aren’t just an annoyance or an inconvenience. They can turn an affordable product into an overpriced one and make it hard for most consumers to compare a product with other similar products.<sup>3</sup> The Attorney General recently explained, for example, how fees imposed on prospective tenants who apply for rental properties can create barriers to obtaining housing.<sup>4</sup> For lower-income individuals, an unexpected or overpriced fee can push them into a debt spiral that is difficult to escape and laden with even more fees. And when junk fees are financed over the life of a loan or other extension of credit, the borrower ends up paying additional interest on the higher price over the life of the loan.

Junk fees also steal competition from honest businesses that honestly disclose prices to consumers. Competition ensures that New Jerseyans are provided with options for better products at fair prices. But competition is only possible where businesses play by the same rules and deal with consumers honestly and transparently. To make matters worse, when multiple sellers in an

industry begin to charge the same junk fees for goods or services, that practice can perversely result in tacit collusion to make illegal fees a standard part of the purchasing process.

There are several common practices in charging junk fees. Fees are sometimes excluded from the advertised price, or they are hidden in fine print or through the use of deceptively designed websites and apps that makes them difficult to spot. Sellers may also make misrepresentations about the purpose of the fee or whether it is mandatory in order to obtain consent. And some fees are pure junk—excessively overpriced, completely worthless, or providing almost no benefit to consumers. No matter the form they take, however, the effect is the same: junk fees make it difficult for consumers to compare prices and products and result in New Jerseyans paying more for goods and services.

Despite the prevalence of these practices, consumers often feel they have little recourse to challenge junk fees. When consumers purchase goods or services in the marketplace, they are frequently bound by contract provisions that mandate that their disputes be resolved through arbitration in a private, non-appealable forum. Those arbitration provisions, which themselves are often buried in fine print, also almost universally prohibit consumers from banding together in a class to address a widespread problem through litigation in a consolidated fashion. That makes it even more important for the Attorney General to confront the issue.

### **The New Jersey Consumer Fraud Act’s Protections Against Junk Fees**

New Jersey has one of the strongest laws in the country to protect consumers from the trickery and manipulation that so often accompany junk fees: the Consumer Fraud Act. The CFA reflects New Jersey’s commitment to ensuring that our marketplace is honest, fair, and transparent. It is a critical tool in the Attorney General’s fight to make life more affordable for New Jerseyans.<sup>5</sup>

The CFA prohibits deceptive, unconscionable and abusive conduct. It expressly prohibits:

[t]he act, use or employment by any person of any commercial practice that is unconscionable or abusive, deception, fraud, false pretense, false promise, misrepresentation, or the knowing, concealment, suppression, or omission of any material fact with intent that others rely upon such concealment, suppression or omission, in connection with the sale or advertisement of any merchandise or real estate, or with the subsequent performance of such person as aforesaid, whether or not any person has in fact been misled, deceived or damaged thereby...<sup>6</sup>

Unlawful conduct also includes “any commercial practice that violates State or federal law.”<sup>7</sup> Any person who violates the law is liable for potential civil penalties of up to \$10,000 per violation for the first offense and up to \$20,000 for every subsequent offense.<sup>8</sup>

The CFA covers a variety of practices that companies use to charge consumers junk fees in connection with goods or services. Some of these practices are not new, and they have been illegal for decades under the CFA. Other practices are of more recent vintage, but the CFA is “flexible

and adaptable enough to combat newly packaged forms of fraud and to be equal to the latest machinations exploiting the vulnerable and unsophisticated consumer.”<sup>9</sup> No matter how long-established, practices related to junk fees can be deceptive, unconscionable, or abusive in violation of the CFA. And these practices can violate the CFA’s prohibitions in multiple ways; for example, a junk fee that is deceptive may also be unconscionable, abusive, or violate another law.

### *Deceptive Junk Fees*

To start, there are a wide variety of hidden junk fees that may violate the CFA as deceptive practices. Under the CFA, deceptive conduct includes affirmative misrepresentations about material information<sup>10</sup> that have the “capacity to mislead.”<sup>11</sup> The CFA does not require proof of an intent to mislead or knowledge of the falsity. Under those principles, “drip pricing”—the practice of hiding mandatory fees by luring the consumer in with a low advertised price and then tacking on fees later or at the end of the purchasing process—may be a deceptive practice that violates the CFA.<sup>12</sup> This practice makes it difficult for consumers to compare goods, services, and prices and shop for the best deal because these fees hide true prices. New Jersey recently highlighted this “bait and switch” conduct in rental housing, leading a bipartisan multistate comment letter urging the Federal Trade Commission to propose a nationwide rule.<sup>13</sup> States across the country frequently see landlords or property managers that bait consumers with low advertised monthly rents and fail to disclose mandatory fees that make the true monthly rent much higher.

Junk fees also can be deceptively hidden through the use of “dark patterns”—tricks and traps in the design of websites or apps that can hide information through dense fine print and “terms of service,” pop-ups, manipulated font sizing, text placement, and complex click-throughs.<sup>14</sup> Hidden junk fees are confusing, frustrating, and time-consuming, and they ultimately detract from consumers’ ability to make informed choices and can deceive them into choosing goods or services they would not have chosen with honest pricing.

The CFA may also prohibit common misrepresentations that allow junk fees to proliferate, such as misleading consumers about the purpose of the fee, the recipient of the fee,<sup>15</sup> whether the fee is mandatory or optional, and what value the fee provides to the consumer. These practices induce the consumer to pay a fee for items they did not want or need. The CFA also prohibits knowing omissions of material information, such as knowingly failing to disclose the existence of a fee or the qualities of a fee that would be material to the consumer’s decision to accept the fee or make a purchase. For example, focusing a buyer on a monthly payment amount without disclosing that the monthly payment includes an optional fee may be deceptive if the existence of the fee or its qualities would be material to the buyer.<sup>16</sup>

### *Unconscionable or Abusive Junk Fees*

The CFA is not limited to deceptive conduct or just to “shifty, fast-talking and deceptive merchant[s].”<sup>17</sup> It also prohibits conduct that is unconscionable or abusive. The New Jersey Supreme Court has described unconscionability as encompassing conduct that indicates “a lack of

‘good faith, honesty in fact and observance of fair dealing.’”<sup>18</sup> Abusive conduct, meanwhile, is conduct that unreasonably takes advantage of consumers or materially interferes with consumers’ ability to understand terms or conditions.<sup>19</sup>

Sellers sometimes distort prices by unbundling the true price of a product into an array of fees for ostensibly separate goods and services. This conduct may be unconscionable and deceptive when the consumer reasonably believes the unbundled goods or services would be included in the underlying price and the itemization of separate fees is not otherwise required by law. Much like the practice of hiding junk fees, unbundling the price of a product into numerous fees can hide the true price of the product and prevent consumers from comparison shopping. It can also force consumers to spend more than anticipated when the separately itemized fees are mandatory or so tethered to the functional use of the good or service that they should reasonably be included in the price and consumers must pay unexpectedly higher prices as a result.<sup>20</sup>

Excessively high fees also may be unconscionable. In determining whether a fee is unconscionable, courts consider, among other things, the seller’s cost and the corresponding value of the good or service to the consumer. New Jersey’s recent lawsuit against subprime installment lender OneMain Financial alleges that the company sold \$27 million in loan add-ons for products that rarely provided any benefit to the consumer who purchased them.<sup>21</sup> As the New Jersey Supreme Court has explained, relevant factors in evaluating unconscionability under the CFA include whether the good or service is offered “at an exorbitant price” and the practical utility of the good or service “for the represented purpose.”<sup>22</sup>

Based on those factors, it may be unconscionable to impose a significant price markup on a fee for a good or service that provides little or no value to the consumer. One study of fees charged on over one million add-on products in auto sales showed an average price markup of 170%, including one egregious example of a \$2,000 charge for a pen and keychain.<sup>23</sup> Indeed, fees for products or services that provide little or no value to the consumer may be “junk fees” in the truest sense of the phrase. Some rental car companies, for example, have imposed “additional driver fees,” forcing the consumer to pay a significant additional per-day charge simply to allow someone else—even the spouse of the person renting the car—to drive the same rental car. And auto lenders have charged fees for add-ons that are duplicative of existing insurance coverage.<sup>24</sup>

Conduct that manipulates consumer consent may also be unconscionable or abusive. Whether consumers have an opportunity to provide meaningful and informed consent for certain fees may be affected by practices like pre-loading fees onto a contract, pre-checking boxes that opt the consumer in to fees, violating the provisions of the federal E-Sign Act that specifically set forth how companies can obtain electronic consent,<sup>25</sup> or employing high-pressure sales tactics that effectively force consumers into providing their consent. Many of these practices can be present in a single transaction. For example, New Jersey sued installment lender Mariner Finance, alleging that Mariner unlawfully manipulated the customer’s consent to be charged for add-on fees, including by maintaining exclusive control of the mouse and quickly scrolling through electronic

disclosures of contract terms, placing the terms on a screen that was far away and hard for consumers to read, and other tactics.<sup>26</sup> And other government agencies and advocacy organizations have highlighted potentially abusive practices that manipulate consumer consent in the context of residential home improvement contracts and solar product installations.<sup>27</sup>

## **Conclusion**

Rooting out illegal junk fees will make everyday items more affordable for New Jerseyans. Doing so will ensure that consumers know what they are paying for the goods and services they purchase, and it will allow them to compare prices in the market more effectively. Rooting out illegal junk fees will also allow honest businesses to compete more effectively in the marketplace, ensuring that their competitors no longer have a leg up just because they can trap consumers into paying higher prices.

The Attorney General is committed to making life more affordable for all New Jerseyans, including by enforcing the CFA to root out illegal junk fees. Businesses are encouraged to review their fee practices to ensure their compliance with the CFA. We encourage the public to tell us about their experience with junk fees by filing a complaint with the Division of Consumer Affairs at <https://www.njconsumeraffairs.gov/Pages/Consumer-Complaints.aspx>.

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<sup>1</sup> N.J.S.A. 56:8-1 – 56:8-227.

<sup>2</sup> The purpose of this enforcement statement is to clarify and explain the Attorney General and DCA’s understanding of existing legal requirements surrounding junk fees in order to facilitate compliance with the CFA. This guidance document does not impose any new or additional requirements that are not included in the CFA and does not establish any rights or obligations for any person. This document does not provide legal advice and should not be treated as providing legal advice. Companies who are subject to the CFA and individuals who are entitled to its protection are encouraged to speak with a qualified attorney to address their specific questions.

<sup>3</sup> The estimated savings from recently enacted laws and regulations at the federal law and in other states underscore just how expensive junk fees have become. For example, the Federal Trade Commission estimates that its Junk Fees Rule will provide savings of \$11 billion over the next decade. That Rule requires all-in pricing by hotels, short-term lodgings, and event ticket sales. See Fed. Trade Comm’n, *Federal Trade Commission Announces Bipartisan Rule Banning Junk Ticket and Hotel Fees*, (Dec. 17, 2024), available at <https://www.ftc.gov/news-events/news/press-releases/2024/12/federal-trade-commission-announces-bipartisan-rule-banning-junk-ticket-hotel-fees>. Further, California’s CARS Act requires all-in pricing solely for auto sales, and that legislation is projected to save car buyers \$234 million per year. See Neale Mahoney et al., *The California CARS Act will save consumers an estimated \$234 million annually in reduced search costs and 8.5 million hours in time savings*, (Sep. 5, 2025), available at <https://nealemahoney.substack.com/p/the-california-cars-act-would-save>.

<sup>4</sup> New Jersey Attorney General & Division of Consumer Affairs, *Guidance for Housing Providers on Rental Application Fees*, April 13, 2026, available at [https://www.njoag.gov/wp-content/uploads/2026/04/2026-0413\\_Formatted-Guidance-for-Housing-Providers-on-Rental-Application-Fees.pdf](https://www.njoag.gov/wp-content/uploads/2026/04/2026-0413_Formatted-Guidance-for-Housing-Providers-on-Rental-Application-Fees.pdf).

<sup>5</sup> The goal of the CFA is to “promote the disclosure of relevant information to enable the consumer to make intelligent decisions in the selection of products and services.” *Div. of Consumer Affs. v. Gen. Elec. Co.*, 244 N.J. Super. 349, 353 (App. Div. 1990).

<sup>6</sup> N.J.S.A. 56:8-2.

<sup>7</sup> N.J.S.A. 56:8-4(b).

<sup>8</sup> N.J.S.A. 56:8-13.

<sup>9</sup> *D'Agostino v. Maldonado*, 216 N.J. 168, 186 (2013).

<sup>10</sup> A statement or matter is material where: (1) a reasonable person would regard it as important in determining their choice of action; or (2) the maker of the misrepresentation knows or has reason to know that the recipient will hold the information in high regard in determining their course of action. *Ji v. Palmer*, 333 N.J. Super. 451, 462 (App. Div. 2000) (quoting *Gennari v. Weichert Co. Realtors*, 288 N.J. Super. at 535, aff'd, 148 N.J. 582 (1997))

<sup>11</sup> *Cox v. Sears Roebuck & Co.*, 138 N.J. 2, 17 (1994).

<sup>12</sup> Max Sarinsky, *Stop the Hidden-Fee Rip-Off*, N.Y. Times, Aug. 2, 2021, available at <https://www.nytimes.com/2021/08/02/opinion/consumers-drip-pricing.html>.

<sup>13</sup> Comment letter to Federal Trade Commission from 27 Attorneys General in response to Advance Notice of Proposed Rulemaking on Unfair or Deceptive Rental Housing Fee Practices, April 13, 2026, available at

[https://www.njoag.gov/wp-content/uploads/2026/04/2026-0413\\_Letter-to-FTC-Rental-Fees\\_FINAL.pdf](https://www.njoag.gov/wp-content/uploads/2026/04/2026-0413_Letter-to-FTC-Rental-Fees_FINAL.pdf).

<sup>14</sup> One example of the alleged use of “dark patterns” to charge hidden fees is the FTC’s case against LendingClub, in which the FTC alleged that the lender used prominent visuals to falsely promise a specific loan amount with ‘no hidden fees’ but instead hid the fees behind tooltip buttons and in between more prominent text.” FTC Complaint, *FTC v. LendingClub Corp.*, Case No. 3:18-cv-02454 (N.D. Cal.), available at

[https://www.ftc.gov/system/files/documents/cases/lendingclub\\_corporation\\_first\\_amended\\_complaint.pdf](https://www.ftc.gov/system/files/documents/cases/lendingclub_corporation_first_amended_complaint.pdf).

<sup>15</sup> For example, the FTC’s enforcement action against cash advance app company Dave alleged that Dave imposed a 15% surprise fee in the form of a “tip,” which consumers believed was used in part to donate a healthy meal to a needy child. In reality, only \$.10 of the tip was donated. *Fed. Trade Comm’n v. Dave, Inc.*, No. 2:24-cv-09566 (C.D. Cal. Nov. 5, 2024) (Complaint), available at

[https://www.ftc.gov/system/files/ftc\\_gov/pdf/daveinc-complaint.pdf](https://www.ftc.gov/system/files/ftc_gov/pdf/daveinc-complaint.pdf).

<sup>16</sup> Adam J. Levitin, *The Fast and the Usurious: Putting the Brakes on Auto Lending Abuses*, 108 Geo. L.J. 1257, 1302-03 (2020), available at

[https://www.law.georgetown.edu/georgetown-law-journal/wp-content/uploads/sites/26/2020/05/Levitin\\_The-Fast-and-the-Usurious-Putting-the-Brakes-on-Auto-Lending-Abuses.pdf](https://www.law.georgetown.edu/georgetown-law-journal/wp-content/uploads/sites/26/2020/05/Levitin_The-Fast-and-the-Usurious-Putting-the-Brakes-on-Auto-Lending-Abuses.pdf) (discussing “loan packing” as adding add-ons to the monthly payment without disclosing their existence to the car buyer).

<sup>17</sup> *Cox.*, 138 N.J. at 16.

<sup>18</sup> *Id.* at 18 (quoting *Kugler v. Romain*, 58 N.J. 522, 543 (1971)).

<sup>19</sup> See 12 U.S.C. § 5531(d).

<sup>20</sup> The National Consumer Law Center’s report, *Too Damn High: How Junk Fees Add to Skyrocketing Rents*, identifies a litany of fees imposed by landlords in residential rental housing, many of which tenants would reasonably believe to be included in the price of rent, such as trash fees, valet trash fees, pest control fees, maintenance and inspection fees and common area and amenity fees. Ariel Nelson et al., *Too Damn High: How Junk Fees Add to Skyrocketing Rents*, (Mar. 2023), available at <https://www.nclc.org/wp-content/uploads/2023/03/JunkFees-Rpt.pdf>

<sup>21</sup> *The People of the State of New York, by Attorney General Letitia James, et al. v. OneMain Financial, LLC*, No. 1:26-cv-02117 (S.D.N.Y. Mar. 16, 2026) ¶¶ 211-227 (Complaint), available at [https://www.njoag.gov/wp-content/uploads/2026/03/2026-0316\\_OneMain-filed-complaint.pdf](https://www.njoag.gov/wp-content/uploads/2026/03/2026-0316_OneMain-filed-complaint.pdf).

<sup>22</sup> *Kugler v. Romain*, 58 N.J. 522, 545 (1971).

<sup>23</sup> John Van Alst, et al., *Auto Add-Ons Add Up: How Dealer Discretion Drives Excessive, Arbitrary, and Discriminatory Pricing* (Oct. 2017), available at

[https://www.nclc.org/wp-content/uploads/2022/09/auto\\_add\\_on\\_rpt.pdf](https://www.nclc.org/wp-content/uploads/2022/09/auto_add_on_rpt.pdf)

<sup>24</sup> The CFPB brought an action against Fifth Third Bank for charging fees to borrowers for insurance when they already had coverage. <https://www.consumerfinance.gov/enforcement/actions/fifth-third-bank-na-fpi-2024/> (last visited June 10, 2026).

<sup>25</sup> 15 U.S.C. §§ 7001 to 7006.

<sup>26</sup> *Commonwealth of Pennsylvania, by Attorney General Josh Shapiro, et al. v. Mariner Finance, LLC*, No. 2:22-cv-03253 (E.D. Pa. Aug. 16, 2022) ¶¶ 103-121 (Complaint), available at

[https://nj.gov/oag/newsreleases22/2022-0816\\_Mariner\\_Filed-Complaint.pdf](https://nj.gov/oag/newsreleases22/2022-0816_Mariner_Filed-Complaint.pdf).

<sup>27</sup> The FTC and California’s lawsuit against Ygrene Energy Func, Inc., a home improvement financing company, includes allegations of salesmen rushing through financing terms buried in the fine print, often on a cell phone or tablet, making misrepresentations about the terms. Complaint paras. 79-83, *FTC v. Ygrene Energy Fund Inc.*, No. 2:22-cv-07864 (C.D. Cal. Oct. 28, 2022). National Consumer Law Center, *Recommendations for Guidance on How Sellers Can Satisfy Requirements for Written Disclosures under TILA and Other Statutes through Electronic Records* (letter

from Margot Saunders to Rohit Chopra, Dir., Consumer Fin. Protection Bureau, Oct. 21, 2024), available at <https://www.nclc.org/wp-content/uploads/2024/10/TILA-and-ESign-Letter-to-CFPB-Margot-Saunders.pdf>; Center for Responsible Lending, *Policy Recommendations for Rooftop Solar Financing: How State and Federal Governments Can Protect Consumers* (Anneliese Lederer & Andrew Kushner eds., Aug. 2025), available at <https://www.responsiblelending.org/sites/default/files/nodes/files/research-publication/crl-rooftop-solar-financing-aug2025.pdf>.