



COMPLIANCE ALERT

FTC Chair and Bureau of Consumer Protection Director Address Dealer Advertising Warning Letters

What's new: On Friday, NADA hosted a webinar with the Federal Trade Commission (FTC) to discuss dealership advertising practices. FTC Chair Andrew Ferguson provided opening remarks and Bureau of Consumer Protection (BCP) Director Chris Mufarrige answered questions asked by NADA Executive Vice President of Public Policy, Paul Metrey.

The webinar was arranged after NADA's April 6 webinar with an FTC senior official, where the FTC did not address questions. These webinars are intended to clarify the warning letters [sent](#) on March 13 by the FTC to 97 dealerships warning them of potential violations of federal advertising laws.

Why it matters: Ferguson opened the webinar by sharing that the FTC wants to work with NADA and dealers to help facilitate consumer trust, which will help the industry grow. Ferguson also reiterated his remarks from the 2025 NADA Washington Conference – that he wants to work with dealers to promote price transparency to avoid onerous regulations. He said the FTC only seeks to bring enforcement actions against dealers that are not following the law. He said that when consumers see an advertised price, it should be the price that consumers can pay and walk out the door, including all (non-government) fees.

In his opening remarks, Mufarrige shared that price transparency across all industries, including auto sales, is a priority of the Trump administration. Mufarrige answered questions from Paul Metrey and said that the FTC will issue FAQs to provide further guidance on illegal advertising practices under Section 5 of the FTC Act.

Tell me more: A summary of Mufarrige's answers are below. NADA is the source of information provided in parenthesis.

FTC Authority to Regulate Dealer Advertising: Mufarrige explained that the FTC has authority to regulate dealer advertising practices as unfair or deceptive acts or practices (UDAP) under Section 5 of the FTC Act. This prohibits advertisements that materially mislead consumers or fail to clearly and conspicuously disclose material terms.

Which Dealers Received the Warning Letter: Dealers who received the letter were allegedly displaying a price while burying substantial fees in fine print, which consumers could not easily find or understand.

Definition of Advertising: Advertisements can be very broad, including social media, online posts, television commercials and radio messages. A dealer's oral representations can also constitute advertising. The FTC reviews an advertisement by asking what a reasonable consumer would understand.

Responsibility for Advertising: Dealers are responsible for their own advertising and messages they can control. Muffarige acknowledged there are issues related to control by entities such as OEMs and

third-party platforms, and the FTC is open to learning more. Mufarrige stated that the entity that controls the ad content is ultimately responsible for its accuracy and that third party sites should understand these requirements and cooperate with dealers to ensure the price is being advertised compliantly.

Advertised Price: Muffarige reiterated Ferguson's opening statement that the most prominent price in any advertisement must be the all-in, out the door price available to all consumers. (More guidance on prominence can be found in the FTC's [dotcom disclosure guidelines](#) on page 17.) This price must reflect everything, including the doc fee. Dealers can separately disclose the doc fee, if it is less prominent. Only government fees (explained more below) can be excluded from the price. If the consumer purchases a vehicle for a lower price than advertised, that is permissible.

State Doc Fee Statutes: The FTC is not seeking to regulate the amount of a doc fee; rather, it is focused on how the fee is disclosed in advertisements. In general, Mufarrige sees no conflict between state laws on doc fees and the FTC's compliance expectation that dealers in all 50 states need to include the doc fee in the advertised price. Mufarrige said if dealers are subject to a state enforcement action for including the doc fee in an advertised price, they should contact the FTC.

Advertising MSRP: The most prominent price in an advertisement needs to be the total price a consumer will pay. An ad can display the vehicle's MSRP, so long as it is displayed less prominently.

Government Charges: Government fees – those not required to be included in the all-in price – are solely fees that are required by a government authority, like sales tax. If a fee is not required by the government, like the doc fee, it is not considered a government charge. Other examples of government fees could be included in the FAQs .

Credit and Lease Advertising: While the warning letters addressed advertisements for vehicle sales, the same principles would apply to lease advertisements. Neither the warning letters nor the FTC's Section 5 authority replace any advertising or disclosure requirements for leases and credit sales under Regulation M and Regulation Z.

Advertising Rebates and Discounts: The most prominently displayed price may not include rebates or discounts that are not available to all consumers. Advertisements can, however, include rebates for certain consumers (first responders, service members, students, etc.), so long as they are properly disclosed and less prominent than the all-in price.

Conditioning Price on Consumers Using Dealer Financing: The most prominently displayed price may not be conditioned on dealer financing, which is not available to all customers. Dealers can advertise a price conditioned on dealer financing, so long as it is properly disclosed and less prominent than the all-in price.

Unavailable or Non-Existent Vehicles: Vehicles that are no longer available should stop being advertised as soon as practicable. Mufarrige said to err on the side of caution and advised against advertising in-transit vehicles, unless they will be on the lot in a day or two. (Note: NADA will seek additional clarification on this in the FAQs as we believe Mufarrige's main point is that ads involving unavailable vehicles must provide consumers with a reasonable expectation of when in transit vehicles will be available for delivery.)

Optional Products: Consumers may select optional products related to a vehicle that would increase the amount paid over the advertised price provided it is clearly communicated that such products are optional and not required to purchase the vehicle at the advertised price. (This should include optional

add-on equipment to the vehicle; if such equipment must be purchased, it must be included in the advertised price. If it is abundantly clear that it is optional, it may be excluded.)

Future FTC Enforcement on Dealer Advertising: The FTC intends to aggressively pursue dealers that are not complying with Section 5.

What's next: Mufarrige said the FTC plans to develop FAQs to supplement the information provided in the warning letters and during the webinar. NADA will continue actively engaging the FTC as it develops the FAQs and continue educating the FTC on dealer advertising.

Dealers with additional questions that they would like the FTC to consider including in the FAQs can email them to regulatoryaffairs@nada.org.

For the complete remarks made by Chairman Ferguson and BCP Director Mufarrige, access the webinar recording [webinar here](#).

Go deeper:

[April 6 Webinar: Hear Directly from a Senior FTC Official on the Recent Warning Letters and Dealer Advertising](#)

[Chairman Ferguson Remarks at 2025 NADA Washington Conference](#)

[Dealer Guide to Federal Advertising Requirements](#) (currently being updated to reflect recent FTC guidance)

This memorandum is offered for informational purposes only and is not intended as legal advice. Consult an attorney who is familiar with federal, state, and local law addressing these topics and your operations for guidance on the legal sufficiency of your pricing, advertising, and disclosure practices.

The presentation of this information is not intended to encourage concerted action among competitors or any other action on the part of dealers that would in any manner fix or stabilize the price or any element of the price of any good or service.