

## Office of the Attorney General for the District of Columbia (/)



# **Newsroom**

# AG Schwalb Secures Refunds for DC Consumers Improperly Charged Subscription Fees by Online Underwear Retailer "Adore Me"

#### June 16, 2023

DC AG's Office Co-Led Bipartisan Group Investigating Deceptive Advertising & Billing Practices by Adore Me; Secured \$2.3M+ Multistate Settlement

WASHINGTON, DC – Attorney General Brian L. Schwalb today announced that online underwear retailer Adore Me, Inc. (Adore Me) will be required to provide refunds to consumers who were improperly charged recurring subscription fees, reform its business practices, and pay \$2.35 million as part of a settlement with the District of Columbia and 31 states. The settlement resolves an investigation—led by DC, Texas, and Pennsylvania—into claims that Adore Me deceptively marketed its membership program, failed to disclose recurring charges, and made it difficult for consumers to cancel memberships once they were enrolled. As part of the settlement, several thousand DC residents may be eligible to receive refunds, Adore Me will be required to reform its business practices, and the District will receive a payment of more than \$150,000.

"Under DC law, consumers are entitled to timely, accurate, and complete information about every purchase they make," said AG Schwalb. "No one should be surprised by a recurring charge or forced to jump through endless hoops to cancel a subscription, yet this is precisely how Adore Me's business model operated. This investigation and settlement with Adore Me should send a clear message: any company that seeks to profit by tricking or manipulating DC residents will be held accountable."

Adore Me is a retailer that sells apparel, including underwear, lingerie, sleepwear, and swimwear, via an online store. Adore Me pushed consumers to join its VIP Membership Program, which offered discounted prices, without providing critical information about how the program worked. On Adore Me's checkout page, "VIP Membership" was the default selection—meaning that when consumers went to complete a purchase, they had to affirmatively optout to avoid joining. Once consumers are enrolled in Adore Me's VIP Membership Program, they are charged \$39.95 each month unless they log into their account during the first five days of the month to make a purchase or "skip" the charge. The monthly membership charges accrue in the consumers' accounts in the form of store credits, which can be used to pay for future purchases.

A bipartisan coalition of attorneys general opened an investigation into allegations that Adore Me violated state consumer protection laws in multiple ways, including by:

- Failing to disclose the terms of its VIP Membership Program: Adore Me failed to inform consumers of how the VIP Membership Program worked, failed to disclose recurring charges, and failed to disclose the amounts of those charges.
- Making cancellation difficult: Adore Me made it extremely difficult for consumers to cancel their memberships once they were enrolled, including by
  limiting how consumers could submit cancellation requests, chronically understaffing their customer service departments, and forcing consumers to
  go through a long and complicated cancellation process.
- Forcing consumers to give up store credit when cancelling: Adore Me represented that the store credit consumers accrued by paying monthly membership fees could be used to make purchases at any time in the future. However, for years, the company forced consumers to forfeit the store credit they had accumulated when they cancelled their memberships.
- Using "dark patterns" to manipulate consumers into making purchases: Adore Me manipulated consumers into making quick purchases by using a fake countdown clock on their website. The countdown clock led consumers to believe that discounts were going to expire, but the discounts did not expire, even when the clock reached zero.

As part of a settlement to resolve the multistate investigation, Adore Me will be required to:

Provide refunds to harmed consumers: Adore Me must notify all consumers with active VIP Memberships who have store credit in their accounts
resulting from recurring charges that they can obtain a refund and must swiftly provide refunds to these consumers. As of 2021, there were over
2,500 DC residents with active VIP Memberships. Adore Me must also provide full refunds to DC consumers who filed complaints with the AG's
office, regardless of whether they currently have active VIP Memberships.

- Pay \$2.35 million: Adore Me must pay \$2.35 million to the jurisdictions involved in the investigation to cover the costs of the investigation or to be used for future consumer protection purposes. DC will receive \$151,798.65.
- Reform its business practices: Adore Me must make significant changes to its business practices and is prohibited from engaging in any of the prior misconduct alleged by the states. Under the terms of the settlement agreement, Adore Me must clearly disclose all fees, costs, and terms of its membership program to consumers before they join; must disclose the amount and frequency of any recurring charges; must make enrollment opt-in rather than opt-out; and must retain documentation showing that customers provided informed consent when they enrolled. Additionally, Adore Me must provide a simple, easily accessible online mechanism for consumers to cancel memberships and a simple mechanism for consumers to request and quickly obtain refunds for recent recurring charges. Adore Me must also stop charging any consumer who has accumulated twelve months of store credit through recurring charges.

This settlement was negotiated by the District of Columbia, Pennsylvania, and Texas, and was joined by Alabama, Arkansas, Connecticut, Florida, Georgia, Idaho, Illinois, Indiana, Kansas, Kentucky, Louisiana, Massachusetts, Michigan, Minnesota, Mississippi, Nebraska, Nevada, New Jersey, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Rhode Island, Tennessee, Vermont, Washington, and Wisconsin.

DC's settlement agreement is available here (https://oag.dc.gov/sites/default/files/2023-06/Adore-Me-DC-Final-Signed-AVC-6-15-23-.pdf).

This matter was handled by Assistant Attorney General Gary Tan, and Adam Teitelbaum, Chief, Office of Consumer Protection.

#### **How to Report Illegal or Unfair Business Practices**

To report unfair business practices, scams, or fraud, you can contact OAG by:

- Submitting a consumer complaint online at: <a href="https://oag.dc.gov/consumer-protection/submit-consumer-complaint">https://oag.dc.gov/consumer-protection/submit-consumer-complaint</a> (<a href="https://oag.dc.gov/consumer-protection/submit-consumer-complaint">https://oag.dc.gov/consumer-protection/submit-consumer-complaint</a>)
- Calling the OAG Consumer Hotline at (202) 442-9828
- Emailing consumer.protection@dc.gov (mailto:consumer.protection@dc.gov)

Visit OAG's website (https://oag.dc.gov/consumer-protection) to learn more about the office's work to protect DC consumers.

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