

Analysis of Proposed Consent Order to Aid Public Comment
In the Matter of HomeAdvisor, Inc., Docket No. 9407

The Federal Trade Commission (“FTC” or “Commission”) has accepted, subject to final approval, an agreement containing a consent order from HomeAdvisor, Inc. (“HomeAdvisor”).

The proposed consent order has been placed on the public record for thirty (30) days for receipt of comments by interested persons. Comments received during this period will become part of the public record. After thirty (30) days, the Commission will again review the agreement and the comments received and will decide whether it should withdraw from the agreement and take appropriate action or make final the agreement’s proposed order.

This matter involves HomeAdvisor’s advertising and sale of its membership and leads products to home service providers. Count I of the complaint alleges HomeAdvisor violated Section 5(a) of the FTC Act by disseminating advertisements and marketing that misrepresent that HomeAdvisor’s leads: (1) concern individuals who intend to hire service providers soon, (2) will match the types and locations of work selected by service providers, and (3) concern individuals who intentionally sought out HomeAdvisor’s assistance in finding a service provider. Count II of the complaint alleges that HomeAdvisor disseminated false and unsubstantiated advertisements and marketing concerning the rate at which HomeAdvisor’s leads convert into paying jobs. Count III of the complaint alleges that HomeAdvisor misrepresented that the first month of its mHelpDesk add-on subscription was free.

The proposed consent order includes injunctive relief that addresses these alleged violations and contains provisions designed to prevent HomeAdvisor from engaging in similar acts and practices in the future. The proposed consent order also requires HomeAdvisor to pay up to \$7,200,000 to the Commission to be used for consumer redress.

Provision I prohibits HomeAdvisor from making false and/or unsubstantiated representations regarding its products. Provision I.A prohibits HomeAdvisor from misrepresenting central characteristics of its leads, including that the leads concern individuals who intend to hire service providers soon, that they concern projects that will match service providers’ stated task type and location preferences, and that they concern individuals who submitted a request concerning home services directly to HomeAdvisor. Provision I.A also prohibits HomeAdvisor from misrepresenting products as free. Provision I.B prohibits HomeAdvisor from making any representation regarding the rate at which HomeAdvisor’s leads convert into paying jobs unless that representation is non-misleading and supported by data or written materials in HomeAdvisor’s possession when the claim is made.

Provision II requires HomeAdvisor to pay up to \$7,200,000 to the Commission for purpose of consumer redress, with an initial payment of \$4,448,000.

Provision III provides for a redress program that would administer two redress funds. The first fund would make payments of up to \$30 to service providers identified as affected by the practices at issue in Counts I and II of the complaint. The second fund would make payments of up to \$59.99 to service providers identified as affected by the practices at issue in

Count III of the complaint and who submit a claim for payment. The Commission or its designee will administer the redress programs, with expenses to be paid from the redress funds.

Provision IV contains language necessary to aid in the enforceability by the Commission of any debt accruing pursuant to this proposed order, including, but not limited to, in any subsequent bankruptcy litigation.

Provision V requires HomeAdvisor to provide the Commission with customer information necessary to administer the redress program.

Provisions VI through IX of the proposed order relate to compliance reporting and monitoring. Provision VI is an order acknowledgment and distribution provision requiring HomeAdvisor to acknowledge the order, to provide the order to current and future owners, managers, business partners, certain employees, and to obtain an acknowledgement from each such person that they received a copy of the order. Provision VII requires HomeAdvisor to submit a compliance report ninety days after the order is entered, and to promptly notify the Commission of corporate changes that may affect compliance obligations. Provision VIII requires HomeAdvisor to maintain, and upon request make available, certain compliance-related records. Provision IX requires HomeAdvisor to provide additional information or compliance reports, as requested.

Provision X states that the proposed order will remain in effect for 20 years, with certain exceptions.

The purpose of this analysis is to aid public comment on the proposed order. It is not intended to constitute an official interpretation of the complaint or proposed order, or to modify in any way the proposed order's terms.