

## **Google Must Refund Unauthorized In-App Charges Made by Children**

Google, Inc. must pay back to customers at least \$19 million in unauthorized charges incurred by children using mobile apps downloaded from the Google Play app store for Android mobile devices.

The payment settles a complaint brought by the Federal Trade Commission (FTC), which alleges Google engaged since 2001 in “unfair” commercial practices by billing consumers for charges incurred by children when they downloaded kids’ apps from Google without obtaining consent of the account holder.

The FTC complaint explained that, while many of the game apps geared toward children could be downloaded for free, Google did not clearly disclose that a consumer’s credit card could be charged for purchases within the app. The apps, the FTC said, “invite children to obtain virtual items in contexts that blur the line between what costs virtual currency and what costs real money.”

For example, the FTC noted that in the “Air Penguins” game children are presented with a screen selling polar bears, penguins, and various quantities of fish. “The screen does not contain any dollar signs or other description of the real-money cost of any of the items. Buying polar bears and penguins costs virtual currency, but buying fish costs real money, with the largest quantity of fish (20,000) costing \$49.99.” One five-year-old incurred \$400 in unauthorized charges playing Bug Village, the FTC said.

Even when an app contained a popup containing information about the amount of the charge, a child could clear the charge popup simply by pressing a button labeled “Continue.” “In these cases, each time a child cleared the Charge Popup, Google billed the account holder for the in-app charge without obtaining his or her consent,” the complaint alleges.

One Google product manager labeled the charges “friendly fraud” and “family fraud.” When parents complained about the charges, they were faced with a process that Google itself said was “confusing.” Google referred parents to the app developers and obtaining a refund was “unsuccessful, with consumers reporting to Google that the app developer was uncooperative or did not respond.” Google retains 30 percent of all in-app charges.

The settlement requires Google to contact all consumers who incurred an in-app charge to inform them of the refund process for unauthorized in-app charges by children. Google agreed to make the refunds promptly.

The case is the third by the FTC related to in-app purchases by children. In January, Apple settled similar charges. A case against Amazon for similar practices is pending, the FTC said.

*In the Matter of Google, Inc.*, FTC Docket No. 122 3237, entered September 4, 2014.