



Consumer Complaint Report

January - December 2020



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Office of the Attorney General for the District of Columbia Consumer Complaint Report

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SUMMARY

OAG’s Office of Consumer Protection works on behalf of District residents to stop deceptive and unethical business practices. The Office of Consumer Protection educates consumers about their rights, investigates complaints from consumers in the District regarding potential violations of consumer protection laws, and when appropriate, files suits against businesses that are taking advantage of District residents. The Office of Consumer Protection also helps consumers resolve disputes with merchants without legal action through its mediation program.

This report focuses on consumer complaints received by the Office of Consumer Protection in 2020 and provides a snapshot of how the COVID-19 pandemic impacted the complaints the Office received. This report follows up a previous report, “Coronavirus (COVID-19) Consumer Complaint Report,” released on May 15, 2020.

Consumers can file complaints with OAG’s Office of Consumer Protection by:

- Texting (202) 738-5212
- Messaging OAG using the chat feature at: oag.dc.gov/consumer
- Submitting a complaint online at: <https://oag.dc.gov/consumer-protection/submit-consumer-complaint>
- Calling (202) 442-9828
- Emailing consumer.protection@dc.gov

COMPLAINT VOLUME

Significant Increase in Consumer Complaints in 2020 Compared to 2019

As Chart 1 shows, the agency received over 700 more complaints – roughly 50% more – in 2020 than it had received in 2019. Chart 2 tracks the number of consumer complaints OAG received each month in 2020 compared to 2019. As the chart demonstrates, 2020 had more complaints compared to 2019 in 11 out of 12 months. The only month in which complaints decreased was in January 2020, before the District felt the full impact of the COVID-19 crisis.

Chart 1: Comparison of Total Consumer Complaints Received

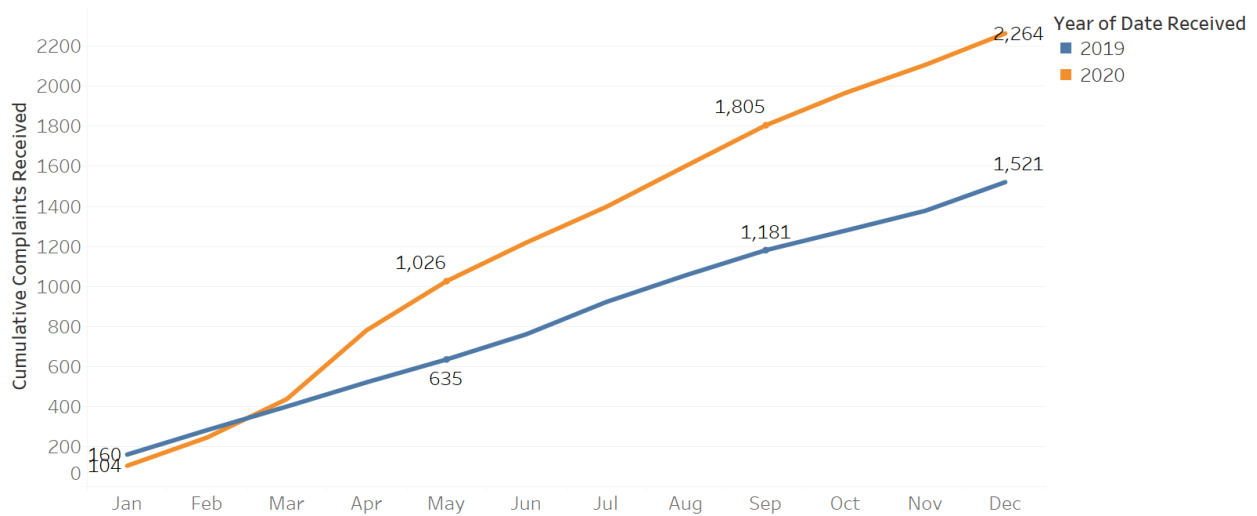
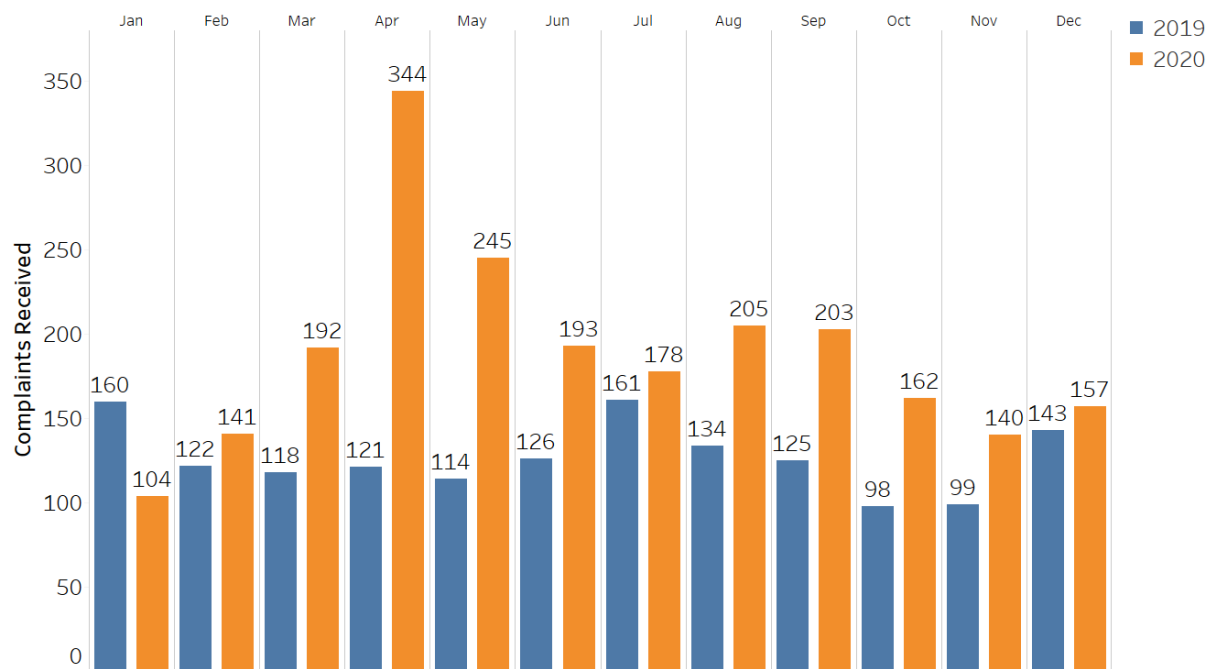


Chart 2: Comparison of Consumer Complaints Received by Month



Increase in 2020 Largely Driven by COVID-19

Within days of the Mayor’s public health emergency declaration, OAG experienced a surge of complaints to its consumer hotline, email address, and online complaint portal. Chart 3 tracks the five-day rolling average of the number of consumer complaints OAG received from January 2020 through the first week of May 2020. During the early days of the COVID-19 crisis, pandemic related complaints made up a substantial majority of consumer complaints to OAG. However, as the year progressed, COVID-19 related complaints declined and stayed relatively low for the remainder of the year, as reflected in Chart 4.

Chart 3: Rolling Five-Day Average in Complaints

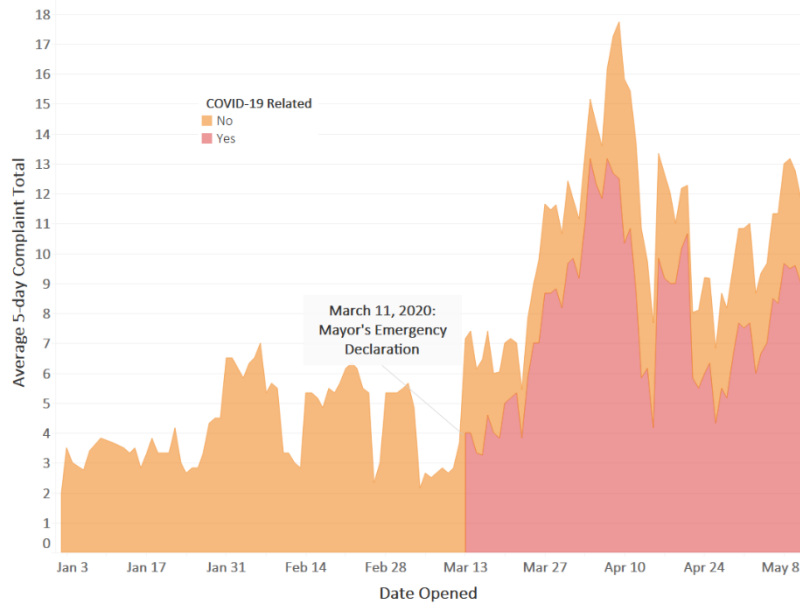
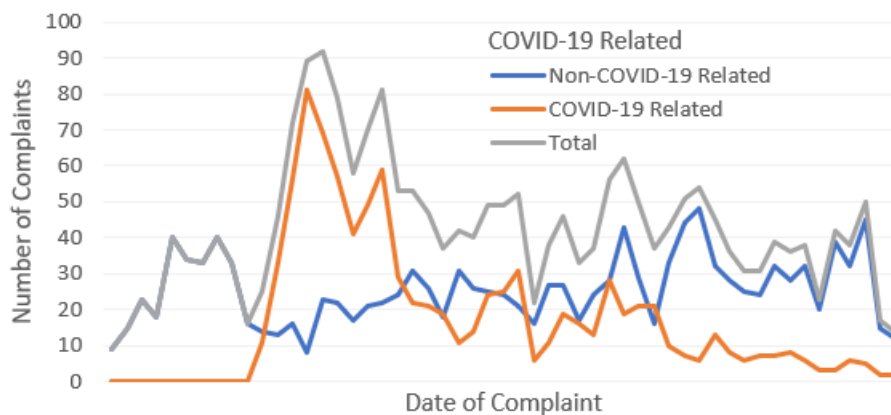


Chart 4: Comparison of 2020 Complaints



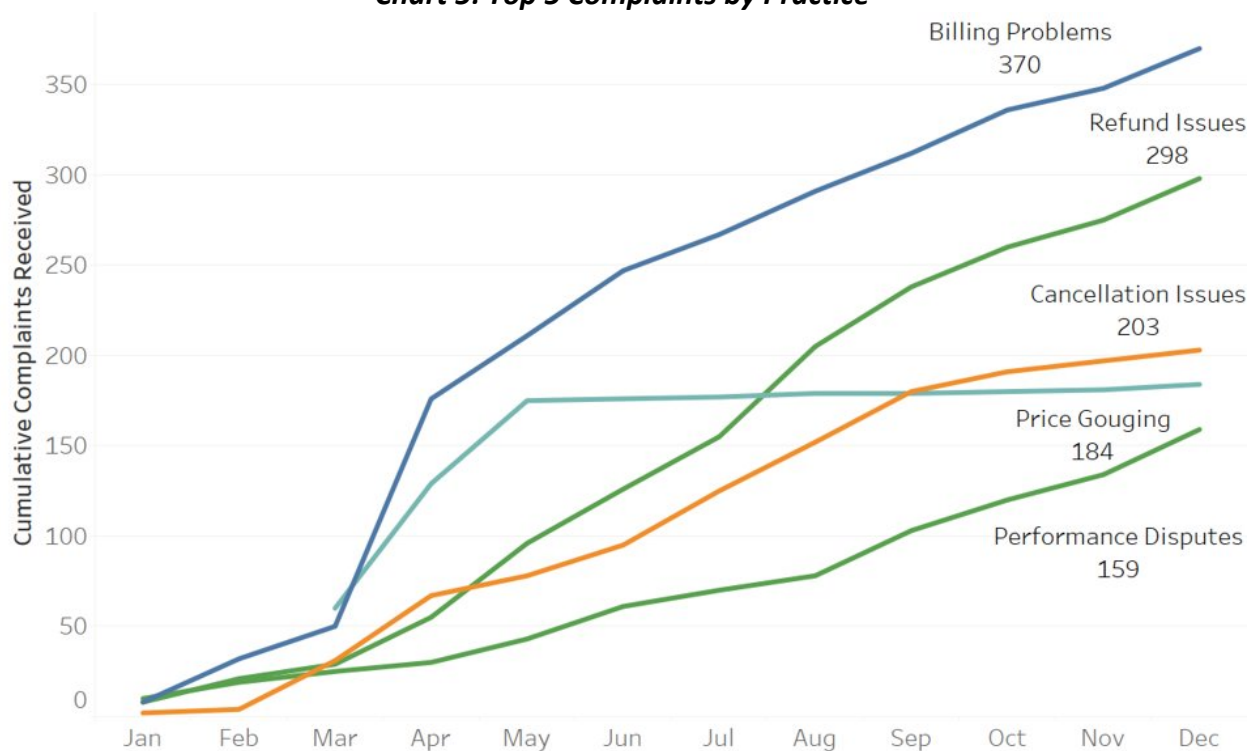
COMPLAINT CATEGORIES

As shown in Chart 5, a significant number of consumer complaints received in 2020 concerned billing (16%), refund (13%), and cancellation issues (8%), which all reflect issues consumers faced during the COVID-19 crisis. For example, OAG experienced a surge of billing and cancellation complaints during the first week of April, when many consumers were first charged monthly membership fees for services not provided during the public health emergency. Examples of billing and cancellation complaints OAG received include, among other goods and services, gym memberships, travel purchases, and concert tickets. On August 20, 2020, the District [filed a consumer protection lawsuit](#) against Washington Sports Clubs for failing to abide by promises made to gym members while its facilities were closed due to the COVID-19 pandemic. The District obtained a temporary restraining order, on August 28, 2020, and preliminary injunction, on October 8, 2020, stopping Washington Sports Clubs from further charging members who attempted to cancel their memberships while the facilities were temporarily closed or who were owed a refund or a credit.

OAG also received numerous complaints concerning price gouging (8%). The District's price gouging law, which is officially titled the Natural Disaster Consumer Protection Act, went into effect when the Mayor declared a state of emergency on March 11. The law prohibits individuals or businesses from charging a higher than normal retail price for goods and services sold during the state of emergency. A "higher than normal" retail price is based on the prices that were in place 90 days before the public health emergency was issued. Specifically, it's illegal for a retailer to raise the price of services by more than 10% higher than similar services were sold in the 90 days before the emergency declaration was in place. Similarly, for goods and merchandise, the law bars an increase in the markup percentage over the wholesale price that was in place 90 days before the emergency declaration.

There was an average of approximately 17 price gouging complaints per week (157 total) over the first two months of the public health emergency. OAG immediately began issuing cease and desist letters to merchants that were engaged in price gouging and filed its [first lawsuit](#) on May 1, 2020 and its [second lawsuit](#) on November 12, 2020. Following OAG's first enforcement action, price gouging complaints largely leveled off.

Chart 5: Top 5 Complaints by Practice



COMPLAINT GEOGRAPHY

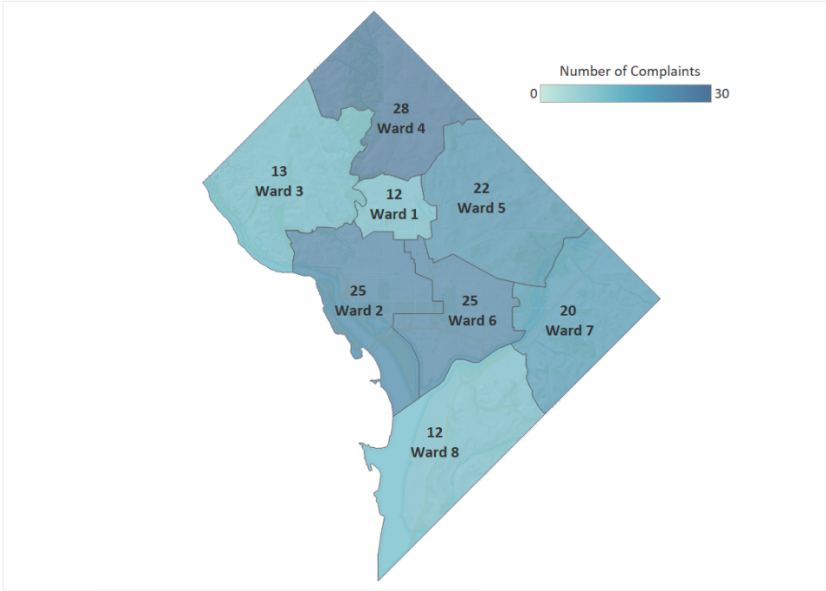
The financial fall-out of this pandemic has been felt most heavily by low-income communities, and disproportionately by people of color. OAG is working to ensure that the District's most vulnerable residents are not left behind. That starts with knowing how this crisis has impacted communities throughout the District.

In 2020, OAG started to track COVID-19 complaints geographically. Map 1 shows the location of businesses that were the subject of price gouging complaints from March 11, 2020 through December 31, 2020, and Map 2 shows the location for price gouging cease and desist letters OAG sent during the same time period. As shown below in Map 1, Wards 2, 4, and 6 had the highest number of price gouging complaints. And businesses in all wards except Ward 4 have received cease and desist letters, as indicated in Map 2. The Ward that has received the highest number of cease and desist letters is Ward 2. This Map is an updated version from the map OAG published in its [May 2020 COVID-19 Consumer Complaint Report](#).

When OAG receives price gouging complaints, investigators visit the businesses to confirm the complaint. If the investigator observes that the business is continuing to sell goods at inflated prices, OAG will send a cease and desist letter warning the company to immediately bring its pricing into compliance with the law. In many cases, when an investigator visits an establishment, the good that was the subject of the complaint is no longer available or the merchant has already lowered the price. In those instances, OAG does not issue a cease and desist letter. OAG continues to monitor businesses that have been the subject of price gouging complaints, regardless of whether a cease and desist letter was sent.

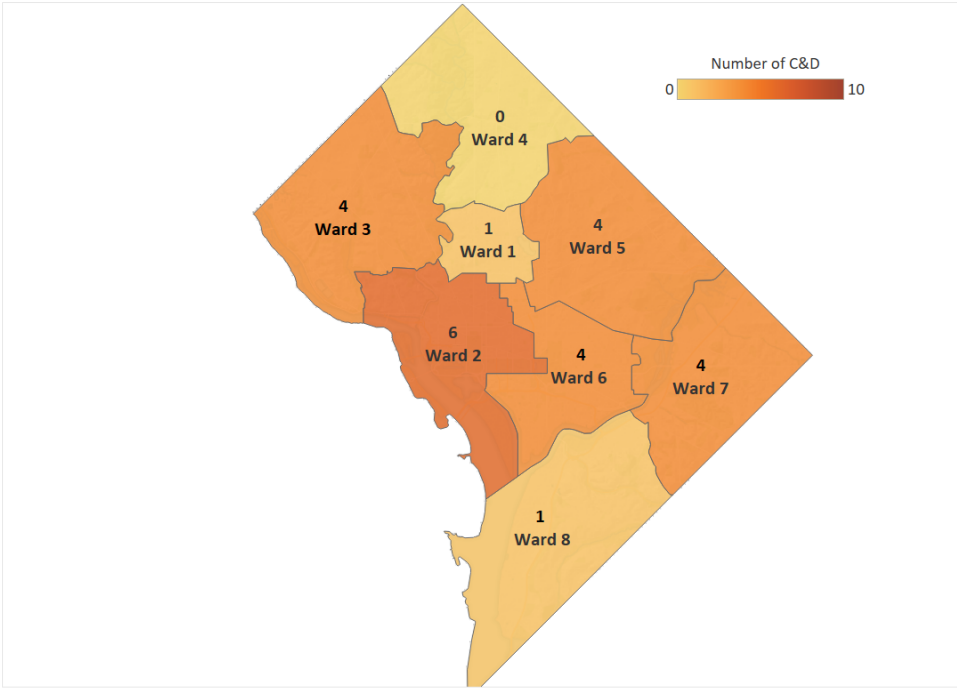
Map 1: Price Gouging Complaints

Price Gouging Complaints



Map 2: Price Gouging Cease and Desists

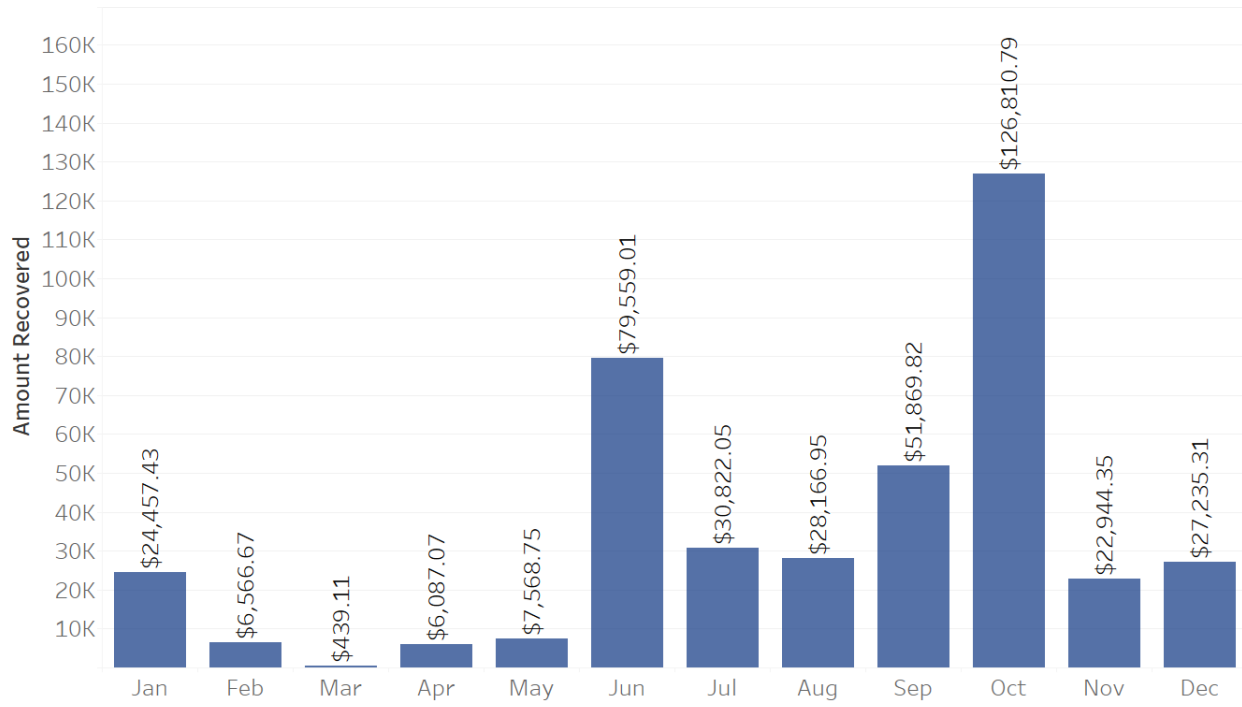
Price Gouging Cease and Desists (C&D)



RESTITUTION FOR CONSUMERS

The Office of Consumer Protection helps consumers resolve disputes with merchants without legal action through its mediation program. OAG tracks when a consumer recovers money as part of this mediation program. In 2020, OAG helped recover approximately \$412,527 for District consumers through its mediation program. Chart 6 shows the amount of money recovered for consumers by month in 2020.

Chart 6: Restitution Recovered for Consumers in 2020



For more information about OAG’s Office of Consumer Protection, visit: <https://oag.dc.gov/consumer-protection> and sign up for OAG’s newsletter at oag.dc.gov/newsletter.