

**UNITED STATES OF AMERICA
BEFORE THE FEDERAL TRADE COMMISSION**

In the matter of

H&R BLOCK INC.,
a corporation,

HRB DIGITAL LLC,
a limited liability company, and

HRB TAX GROUP, INC.
CONSENT ORDER

The Federal Trade Commission (“Commission”) has issued an administrative Complaint challenging certain acts and practices of H&R Block Inc., HRB Digital LLC, and HRB Tax Group, Inc. (collectively “Respondents”). The Commission’s Bureau of Consumer Protection (“BCP”) and Respondents through their duly authorized officers enter into this Agreement Containing Consent Order (“Consent Agreement”) to resolve the allegations in the Complaint through a proposed

H&R BLOCK, INC.

FEDERAL TRADE COMMISSION

By: _____
Dara S. Redler
Chief Legal Officer

By: _____
Claire Wack
Attorney, Bureau of Consumer Protection

Date: _____

APPROVED:

HRB DIGITAL LLC

By: _____
Lois C. Greisman
Associate Director
Division of Marketing Practices

By: _____
R. Bruce Daise
Vice President,
Deputy General Counsel

Date: _____

By: _____
Samuel Levine
Director
Bureau of Consumer Protection

HRB TAX GROUP, INC.

By: _____
Dara S. Redler
Chief Legal Officer

Date: _____

Date: _____

**UNITED STATES OF AMERICA
BEFORE THE FEDERAL TRADE COMMISSION**

COMMISSIONERS: Lina M. Khan, Chair

Findings

- A. The Respondents are:
1. Respondent H&R Block, Inc., is a Missouri corporation with its principal office or place of business at One H&R Block Way, Kansas City, Missouri 64105.
 2. Respondent HRB Digital LLC is a Delaware limited liability company with its principal office or place of business at One H&R Block Way, Kansas City, MO 64105.
 3. Respondent HRB Tax Group, Inc., is a Missouri corporation with its principal office or place of business at One H&R Block Way, Kansas City, MO 64105.
- B. The Commission has jurisdiction over the subject matter of this proceeding and over the Respondents, and the proceeding is in the public interest.
- C. Pursuant to 16 C.F.R. § 2.51, Defendants may petition the Commission for modification of this Order, including but not limited to modification of Section II of this Order to provide any legal obligations enforceable against Intuit, Inc. that are less restrictive than those legal obligations imposed against Defendants pursuant to this Order, arising from Section I of the Commission's Final Order In the Matter of Intuit, Inc., Docket No. 9408 (issued January 19, 2024) and on petition for review in Intuit, Inc. v. Federal Trade Commission, Case No. 24-60040, pending in the United States Court of Appeals for the Fifth Circuit.

ORDER

Definitions

For purposes of this Order, the following definitions apply:

- A. "Advertisement" means any written or oral statement, illustration, or depiction that promotes the sale or use of a consumer good or service or is designed to increase consumer interest in a brand, good, or service.
- B. "Clear(ly) and Conspicuous(ly)" means that a required disclosure is difficult to miss (i.e., easily noticeable) and easily understandable by ordinary consumers, including in all of the following ways:
1. In any communication that is solely visual or solely audible, the disclosure must be made through the same means through which the communication is presented. In any communication made through both visual and audible means, such as a television advertisement, the disclosure must be presented

required by provision II.B of this Order. Space-Constrained Advertisements do not include Advertisements on the H&R Block

Products and is easily noticeable to the ordinary consumer by its size, contrast, location, and other characteristics and in the same location as other persistently available menu or product navigation options;

F. Effective February 15, 2025, requiring any assistance or participation of a customer service agent and/or telephonically accessed IVR system as the sole method to effectuate a Downgrade or Upgrade;

G. E

where the DIY Online Product is not offered exclusively to U.S. taxpayers), the Advertisement may alternatively disclose that a majority of U.S. taxpayers (or other U.S. consumers) do not qualify; and

2. Following the disclosure required in provision II.B.1 of this Order, the Advertisement discloses Clearly and Conspicuously all the terms, conditions,

V. Additional Monetary Provisions

IT IS FURTHER ORDERED that:

- A. Respondents relinquish dominion and all legal and equitable right, title, and interest in all assets transferred pursuant to this Order and may not seek the return of any assets.
- B. The facts alleged in the Complaint will be taken as true, without further proof, in any subsequent civil litigation by or on behalf of the Commission to enforce its rights to any payment pursuant to this Order, such as a nondischargeability complaint in any bankruptcy case.
- C. The facts alleged in the Complaint establish all elements necessary to sustain an action by or on behalf of the Commission pursuant to Section 523(a)(2)(A) of the Bankruptcy Code, 11 U.S.C. § 523(a)(2)(A), and this Order will have collateral estoppel effect for such purposes.
- D. All money paid to the Commission pursuant to this Order may be deposited into a fund administered by the Commission or its designee to be used for relief, including consumer redress and any attendant expenses for the administration of any redress fund. If a representative of the Commission decides that direct redress to consumers is wholly or partially impracticable or money remains after redress is completed, the Commission may apply any remaining money for such other relief (including consumer information remedies) as it determines to be reasonably related to Respondents' practices alleged in the Complaint. Any money not used is to be deposited to the U.S. Treasury. Respondents have no right to challenge any activities pursuant to this Provision.
- E. In the event of default on any obligation to make payment under this Order, interest, computed as if pursuant to 28 U.S.C. § 1961(a), shall accrue from the date of default to the date of payment. In the event such default continues for 10 days beyond the date that payment is due, the entire amount will immediately become due and payable.
- F. Each day of nonpayment is a violation through continuing failure to obey or neglect to obey a final order of the Commission and thus will be deemed a separate offense and violation for which a civil penalty shall accrue.
- G. Respondents acknowledge that their Taxpayer Identification Numbers (Social Security or Employer Identification Numbers), which Respondents have previously submitted to the Commission, may be used for collecting and reporting on any delinquent amount arising out of this Order, in accordance with 31 U.S.C. § 7701.

VI. Customer Information

IT IS FURTHER ORDERED that Respondents must directly or indirectly provide sufficient customer information to enable the Commission to efficiently administer consumer redress reasonably related to Respondents' practices alleged in the Complaint. If a representative of the Commission requests in writing any information related to redress, Respondents', subject to applicable law, must work with the Commission to provide it, in the form pres3.833 (,).o77 (s) 33.358 0 Tdw .

In the matter of

H&R-BLOCKING,
a corporation,

HPR-DIGITAL LLC

DOCKET NO. 9427

PUBLIC VERSION

PUBLIC

22. The same FTC investigator contacted H&R Block again the following year, in April 2023, to request a downgrade using the IVR virtual assistant. On this attempt, which took

move away from the data wiping practice during TaxSeason 2019 when it conducted [REDACTED]
[REDACTED] which offered some users who had upgraded

PUBLIC

[REDACTED]

Block did not implement either of these options.

33. H&R Block knows that consumers spend substantial time and effort over multiple sessions preparing their tax returns and that it is very important to them that their progress is not erased as they complete their tax returns. In a 2019 internal report, H&R Block found that on average consumers spent between 1.7 to 1.8 hours over multiple sessions clicking through approximately 300 different screens preparing their tax returns. A second 2019 UHSRUW VXPPDULJHG FRQVXPHUV H[SHULHQFHV ILOL Online H 3URGXFWV DQG QRWHG WKDW DIY is not complete until the ID ZD\> @ ' ZD taxes in one session, including those with simple W D [H extremely important for them to know that their work will be saved when they exit the SURJUDP

34. Nonetheless, H&R Block continues its data wiping practices, requiring consumers who wish to downgrade to start their tax returns over in an effort to force consumers into purchasing Online Products that are more expensive than the consumer needs or wants.

II. H&R Block Deceptively Markets its Free Online Product

35. Since at least 2018, H&R Block has marketed its Online Products through a variety of methods, including video, social media, and online advertisements (including on its own webpage, hrblock.com).

36. 6RPH RI + 5 % ORFN V DGYHUWLVHPHQWV SURPRWH least 2018 to 2020, H&R Block video advertisements touted Free Online as with no limitations, disclosures, or disclaimers. Other video advertisements purported to qualify offer using small font and vague statements that did not let consumers determine whether the product was free for them. For example, the following screenshots contain a Tax Season 2022 video advertisement on YouTube made up of five frames emphasizing in large, bright green text that consumers FDQ IIRU HQDGS]LOFK)LOHIRU IEDH of + 5 % OF the five frames state in small, inconspicuous grey

PUBLIC



Tax Season2022FreeVideoAd, Frame1

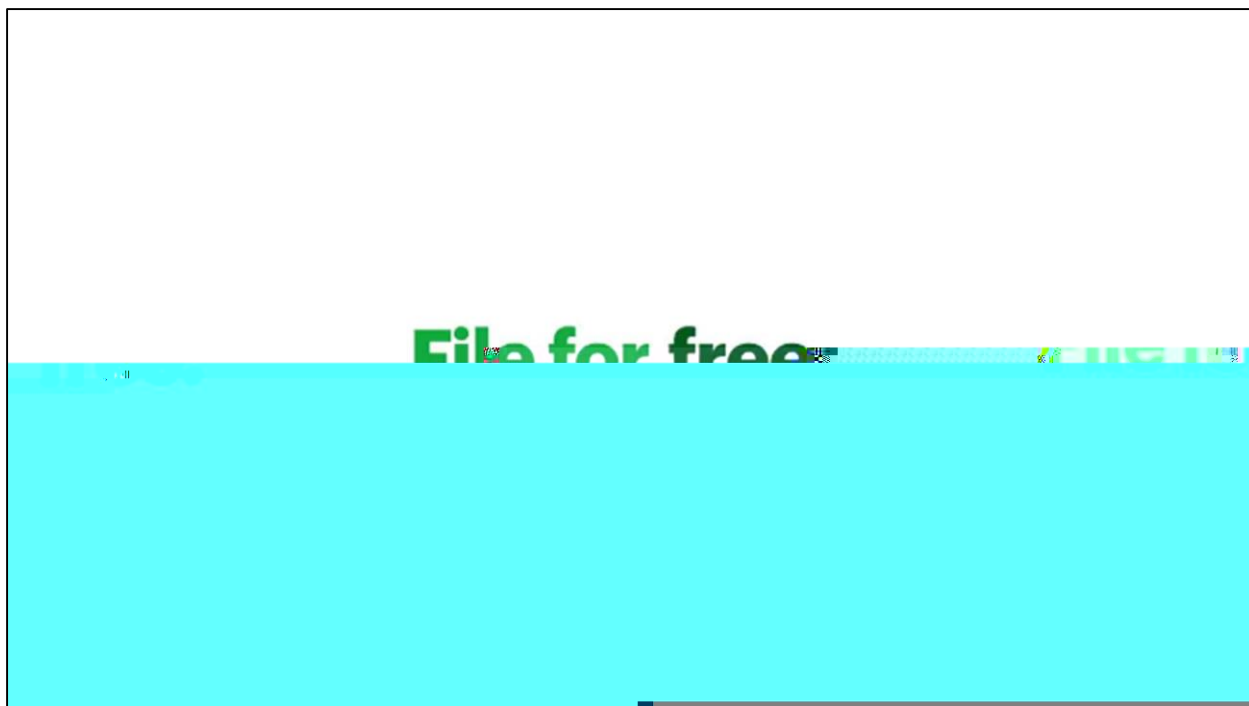


Tax Season2022FreeVideoAd, Frame2

PUBLIC

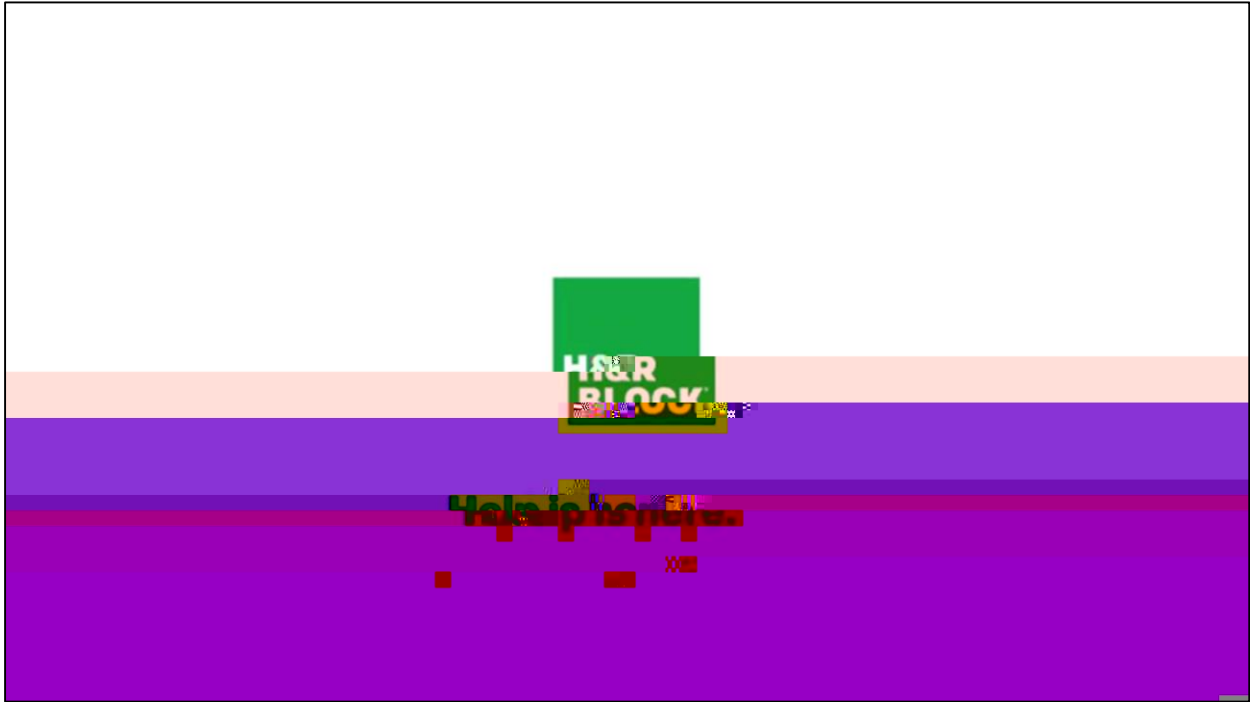


Tax Seasion2022FreeVideoAd, Frame3



Tax Seasion2022FreeVideoAd, Frame4

PUBLIC



Tax Season2022FreeVideoAd, Frame5

37. In another Tax Season2022 advertisement for the Free Online Product, this time
RQ WKH + 5 % ORFN ZHESDJH + 5 % ORFN VWD,WHG I UHIVW S

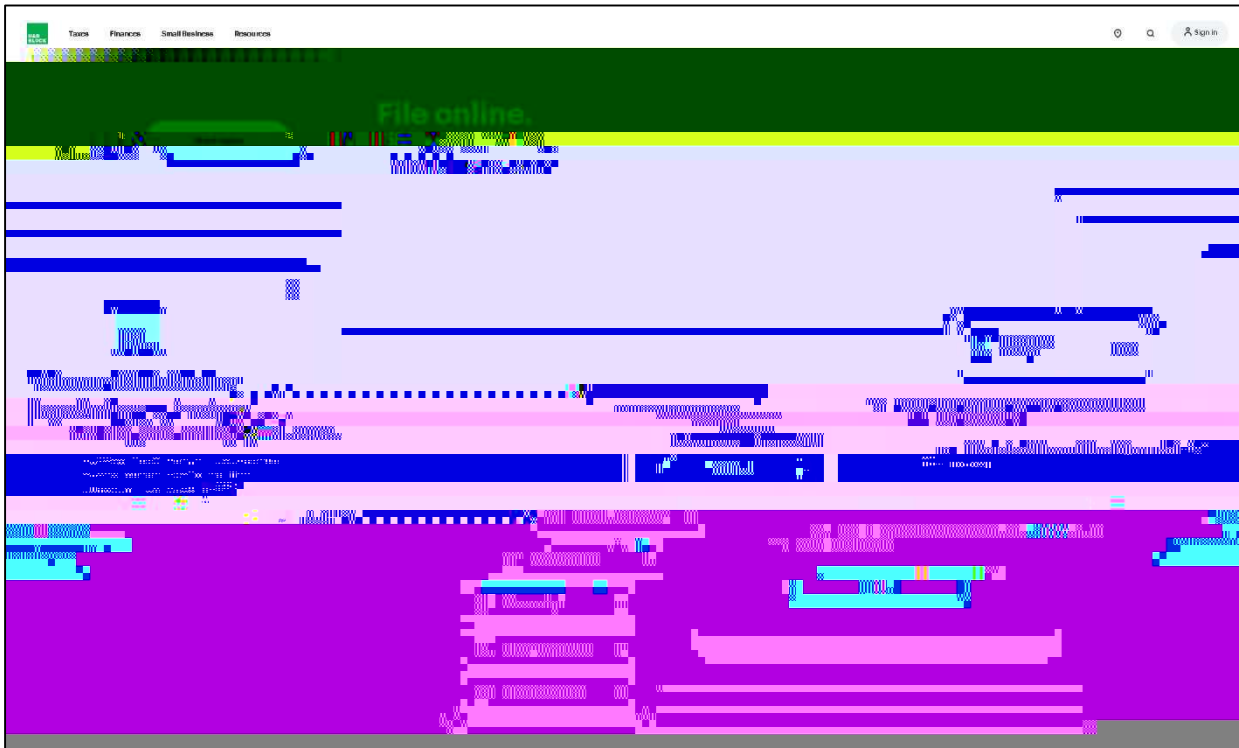
PUBLIC

at least Tax Season 2018 through 2023, the Online Product 3 6 H O B D W R H e central page
D G Y H U W L w ' à y . ° • w ž v 1 2 3 2 # 0 1 2 t h r o u 2 1 9 8 . 1 7 8 2 0 0 7 0 1 2 4 0 8 . 6 T Q q 0 0 6 1 2 7 9 2 r e W *



Tax Season2022OnlineProductSelectorPage,OnlineProductnamesdisplayedon cardsarehyperlinks.

46. Second consumers then had to notice and click on a link titled ^{3 7 H S p e c s} and ^{6 X S S R U W H G) R U P V} ~~OR~~ ^{OR} ~~DOWN~~ ^{DOWN} ~~Subpage~~ ^{Subpage}, and go past the technical specifications displayed in tabular format at the top of the ~~up~~ ^{up} that opens.



Tax Season2022FreeOnlinesubpageyellow highlight box added to ^{3 7 H F K}

PUBLIC

COUNT II UNFAIR DATA -WIPING PRACTICE

58. In numerous instances, Respondents have coerced consumers into purchasing more expensive Online Products than they need or want by forcing consumers to choose between paying for an unnecessarily expensive product or losing their previously entered information and starting their tax returns over in a less expensive Online Product.

59. 5 H V S R Q G H W P J F C D W D Caused or is likely to cause substantial injury to consumers that is not outweighed by countervailing benefits to consumers or competition and is not reasonably avoidable by consumers themselves. This practice is an unfair act or practice.

COUNT III DECEPTIVE ADVERTISEMENTS

60. In numerous instances in connection with the advertising promotion,

engaging, interactive and dynamic assessments

1.

A prohibition against unreasonable demands on time, productivity, or resources.

provide clear instructions to consumers on how to

2.

A prohibition against failing to address issues or concerns.

Analysis of Proposed Order to Aid Public Comment
In the Matter of H&R Block Inc., HRB Digital LLC, and HRB Tax Group, Inc.
Matter No. '

The Federal Trade Commission (the "Commission") has accepted, subject to final approval, a Stipulated Proposed Decision and Order to resolve In the Matter of H&R Block Inc., HRB Digital LLC, and HRB Tax Group, Inc. ("Respondents").

The proposed stipulated Decision and Order ("Proposed 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, along with any comments received, and will decide whether it should withdraw from the agreement and take appropriate action or make final the Cm r

the consumer notice that Respondents must give at the point of upgrade, starting January 15, 2026, to describe the new downgrading practices. Section I.C. requires that Respondents