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Amazon Settles Consumer Protection Lawsuit Relating to Reference Price Advertising

(Woodland, CA) – Amazon, Inc. has been ordered by a San Diego judge to pay \$2 million to resolve a lawsuit brought by California District Attorneys contending that Amazon’s advertised reference prices were either misleading, or potentially misleading, to consumers in making purchasing decisions.

Amazon commonly uses a reference price to suggest value or savings. These reference prices are also known as “was” or “list” prices. A “was” price is a higher price that Amazon previously offered for a product. A “list” price suggests a higher price that may be a regular retail price, offered or suggested, by another seller, supplier, or the product manufacturer. Consumers shopping online might find, for example, a product for \$9.99 with a reference price of “Was: \$14.99” or “List Price: \$17.99.” The focus of the investigation was how Amazon determined these reference prices and whether words like “Was” or “List” were used in a manner that could be misleading to customers.

Throughout the investigation, Amazon was cooperative and has already implemented changes to its website and pricing algorithms consistent with the Final Judgment. The judgment, entered by the Honorable Katherine A. Bacal on March 24, 2021, requires Amazon to make changes and revisions to its “List” and “Was” pricing disclosures to explain the way it determines and validates its reference prices. These changes and revisions include a hyperlink to bring consumers to clear definitions of the meaning of “Was” and “List” price advertisements so that they understand the nature of the advertised savings. Additionally, as part of the settlement, Amazon will pay a total of \$2 million in penalties, costs, and restitution to the state’s Consumer Protection Trust Fund which provides resources for investigating, prosecuting, and enforcing consumer protection actions.

The Yolo County District Attorney's Office worked with the District Attorney's Offices of Alameda, Santa Clara, Riverside, San Diego, and Santa Cruz to investigate and file the civil enforcement action.

Jeff Reisig, the Yolo County District Attorney stated that, "This settlement is vital in the ongoing efforts to make sure that consumers have accurate and reliable information when making price comparisons."

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