

Frequently Asked Questions

What dealers need to know about compliant vehicle pricing and advertising

What is the key takeaway for dealers?

If consumers cannot see the “out-the-door” price (before mandatory government fees) most prominently, the FTC is likely to view this as an unfair or deceptive act or practice.

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Pricing Fundamentals

What is the FTC’s expectation on vehicle price advertising?

The FTC expects dealers to advertise a truthful “total price,” meaning a price that reflects what a consumer can actually pay to purchase the vehicle (i.e., the “out-the-door” price). The FTC made clear that only government fees such as tax, title, and license and registration can be excluded from the total price. These are fees that are collected from the customer and directly passed to the applicable government agency.

Do I have to post a total price?

Yes. The FTC expects a clearly identifiable total price in any advertisement for a specific vehicle. Other pricing terms like “internet price,” or something similar, cannot replace the total price, and the total price must be the most prominent.

What is a “total price”?

The total price is the amount a consumer can actually pay to purchase the vehicle – the “out-the-door” price – excluding only government fees. An “internet price,” or something similar, often excludes mandatory charges and may not reflect the true transaction price. The total price is a ceiling, meaning that dealers can always sell a vehicle below the total price, but can never sell above the total price.

What can be excluded from the total price?

Only government fees, such as tax, title, license and registration, can be excluded from the total price. All dealer-imposed mandatory charges should be included. A good rule of thumb for dealers when making this determination is to consider to whom the fee is paid. If the fee is paid to a third-party non-government entity, then it most likely should be included in the total price.

What does “mandatory” mean?

A non-government charge is “mandatory” if a consumer must pay it to purchase the vehicle. If it is not realistically avoidable, the FTC is likely to view it as mandatory and therefore must be included in the total price. Dealers should note that the FTC has indicated that it will release FAQs in the coming months that could potentially clarify this, and other, topics.

How prominent must the total price be?

The total price must be the most prominent price in the advertisement. Dealers should avoid displaying lower teaser prices or conditional pricing more prominently.

Can I use “contact dealer for price”?

No. Advertisements for a specific vehicle should include a clear total price and should not require consumers to contact the dealer to learn it. Failure to disclose a material term, such as price, can be considered an unfair or deceptive act or practice.

Can I advertise MSRP instead of a total price?

No. A total price is required. Without listing a total price, the MSRP likely will be construed as the dealer’s total price in this situation.

When can MSRP be shown?

MSRP may be shown for new vehicles as a reference point but must be clearly labeled and secondary to a more prominent total price.

What is express, informed consent?

The consumer must affirmatively agree, understand the product, and know the cost before it is added.

Fees & Add-Ons

My doc fee or preloaded items are negotiable. Do I still need to include them?

Yes. Those charges are typically applied in most transactions or expected as part of the deal, and the FTC views them as effectively “mandatory.”

Do I need to start including dealer fees, like doc fees, in my advertised price now?

Yes. The FTC believes that failure to include dealer fees, like doc fees, in the advertised price is an unfair and deceptive act or practice under Section 5 of the FTC Act. Dealers should be reviewing and adjusting advertising practices accordingly.

Can I disclose that the doc fee is excluded instead of including it?

No. The FTC has stated that it has the expectation that the doc fee is included in the total price of a vehicle.

My state requires me to disclose the doc fee. Can I add it to MSRP to create a total price?

Yes, if the result is a truthful total price and MSRP is clearly identified as a separate reference figure. The total price must be more prominent than the MSRP.

Can I show MSRP and then disclose a \$0 doc fee to match my total price?

Yes, but only if that is how your pricing actually works and you do not charge a doc fee.

How should I advertise vehicles with pre-installed items?

The cost of pre-installed items should be included in the total price.

Are all dealer fees treated the same by the FTC?

Yes. Labels do not change the analysis; the focus is on whether the fee is mandatory.

How should I present optional products on the first pencil?

Clearly identify them as optional and obtain express, informed consent before adding them.

Advertising & Disclosures

Should I still use disclosures near the total price?

Yes. Disclosures should explain what the total price includes (such as vehicle price and specify the mandatory dealer fees and their amounts) and what the total price excludes (such as tax, title, and registration). Depending upon the structure of the advertisement, you may need additional disclosures under state or federal laws or regulations. It is also recommended that disclosures indicate when the advertisement will expire as well as any other material terms or conditions.

Can I use roll-over or hover disclosures?

It depends, but at best they may not be a best practice, and at worst they could be non-compliant. Disclosures must be clear and conspicuous. The more they rely on a consumer taking additional action to see them, the less likely they will be deemed clear and conspicuous. Per the FTC: “[disclosures] should be placed on the same page and immediately next to the claim, and be sufficiently prominent so that the claim and the disclosure are read at the same time, without referring the consumer somewhere else to obtain this important information.”

What does “clear and conspicuous” mean?

Disclosures must be easy to see, located near the price, and understandable. If a consumer could miss or misunderstand the disclosure, it likely does not meet the standard.

What is considered an advertisement?

Any communication that includes pricing or that could influence a consumer’s purchasing decision, including websites, listings, emails, texts, and social media. Vehicle addendums/supplemental stickers and other physical postings on the vehicle are also considered advertisements.

Do my employees’ social media posts need to comply with federal and state regulations?

Yes, employee social media posts concerning the dealership or dealer inventory will be treated as dealer advertisements and need to comply with applicable state and federal laws and regulations.

Are oral statements considered advertising?

Oral statements can be considered advertisements and dealers should treat them as such.

Is an addendum sticker considered an advertisement?

Yes, an addendum is considered an advertisement and the price on the addendum should be treated as a total price and therefore should be inclusive of all mandatory fees except for government fees and taxes.

Digital & Third-Party Listings

What should price advertisements look like on third-party sites?

Third-party listings should display the same compliant total price. Although the FTC mentioned that it will look to see who is in control of the information to determine responsibility, dealers are well advised to treat the situation as if they will be held responsible for pricing wherever it appears.

Who is responsible for compliance on websites and digital retailing platforms?

Dealers are advised to assume that they are ultimately responsible for all representations made on their behalf, including dealer websites, third-party listings, digital retailing tools, and OEM platforms.

Can I rely on my website provider or OEM platform for compliance?

No. There is no safe harbor for vendor limitations.

Can the FTC also take action against OEMs or vendors?

Yes, the FTC can take actions against OEMs and vendors for participating in acts or practices that are unfair or deceptive, but dealers should not rely on that as a compliance strategy.

My manufacturer requires me to show MSRP only. What should I do?

Work with the manufacturer to ensure compliant price advertising. Dealer responsibility still applies.

My calculator or payment tool uses MSRP. Do I need to change it?

If it creates misleading pricing or conflicts with the total price, it should be updated.

Incentives & Rebates

How do I advertise rebates and discounts?

Advertise a total price available to all consumers and present conditional incentives separately with clear eligibility criteria. Do not deduct rebates or discounts from the total price unless everyone qualifies for the rebates or discounts.

How do I advertise loyalty or conditional incentives?

Clearly identify them as conditional and do not include them in the total price since all consumers would not qualify.

What rebate practices are high risk?

Stacking multiple conditional rebates or advertising prices that not all consumers can achieve.

Compliance Responsibility

Should I follow state or federal law?

Both apply, but federal law controls if there is a conflict. If dealers are unsure of a conflict they should consult with competent dealer counsel.

I have advertising throughout different mediums. Does the price need to be the same on all advertisements?

Yes. All advertisements, from social media posts, to addendums, to typical print ads, to radio and TV advertising should have consistent pricing throughout for the same vehicle. Remember, dealers are obligated to sell a vehicle at the lowest advertised price regardless if the customer is aware of that price.

Operational Practices

What practices are drawing the most scrutiny right now?

Excluding dealer-imposed fees, using conditional rebates in headline pricing, undisclosed financing conditions, mandatory add-ons not included, advertising unavailable vehicles, and optional products without proper consent.

What about advertising in-transit vehicles?

The FTC indicated that it may be acceptable to advertise in-transit vehicles if the vehicle is expected to arrive within a day or two, but it remains high risk due to factors outside dealer control. The FTC has indicated that they will be releasing FAQs in the coming months that could potentially clarify this, and other, topics.

How quickly do I need to remove listings of vehicles that were already sold or leased?

The FTC indicated that listing of vehicles sold or leased should be removed the same day, and no later than the following day. The FTC has indicated that they will be releasing FAQs in the coming months that could potentially clarify this, and other, topics.

Can KPA review my website?

Yes, KPA has both software and experts to conduct detailed reviews of your website and to help identify gaps and prioritize needed changes. To learn more, schedule a meeting at <https://info.kpa.io/kpa-demo-request>.

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