



Coronavirus (COVID-19) Consumer Complaint Report

March - May 2020



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SUMMARY

On March 11, 2020, in response to the threat of coronavirus (COVID-19), Mayor Muriel Bowser declared a public health emergency in the District of Columbia. For the past two months, the Office of the Attorney General (OAG) has worked around the clock to make sure District consumers are protected during this unprecedented crisis.

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.

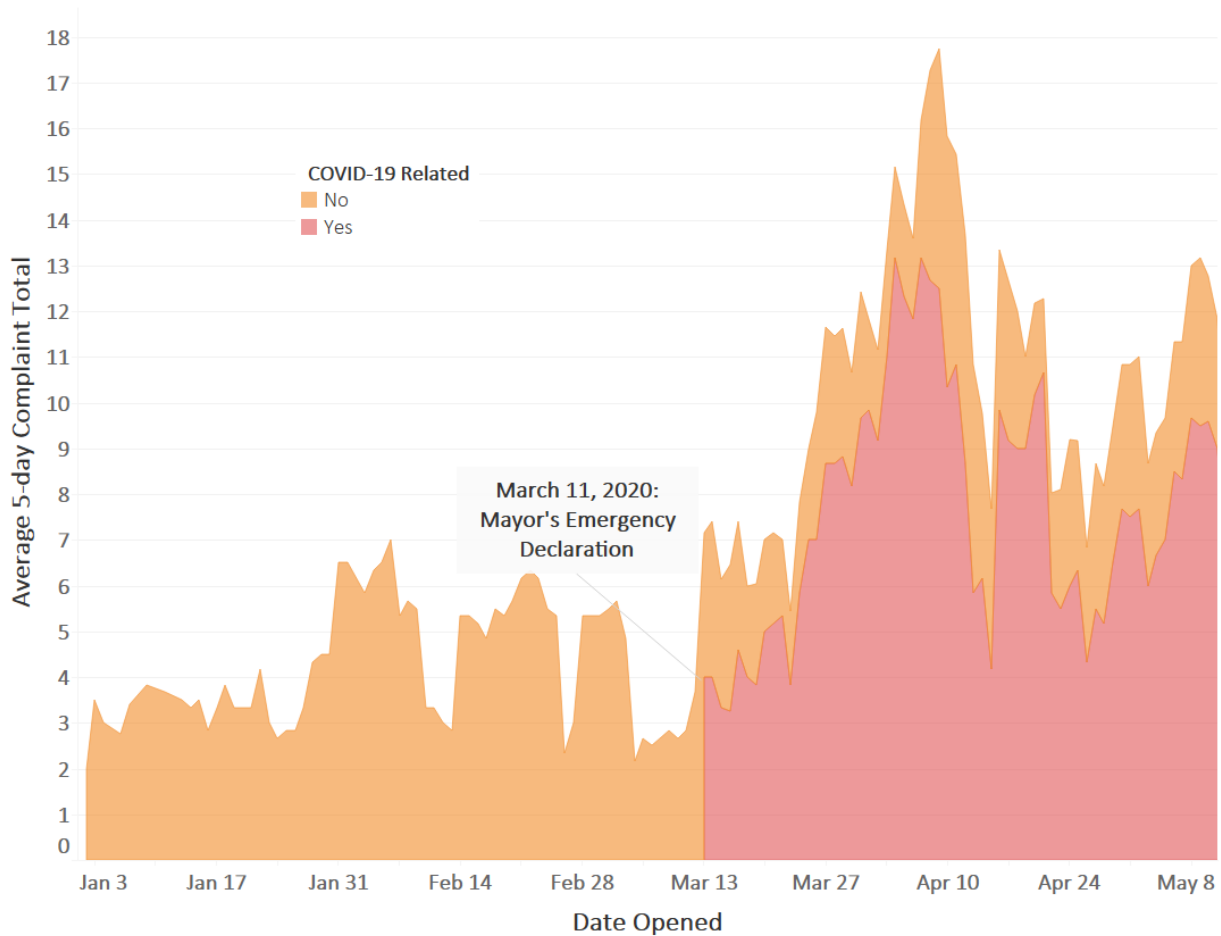
This report focuses on consumer complaints received by the Office of Consumer Protection from March 11 to May 11, 2020 and provides a snapshot of the trends in complaints during the last two months of the coronavirus crisis.

Consumers can file complaints with OAG’s Office of Consumer Protection online at www.oag.dc.gov, via email at consumer.protection@dc.gov, or by calling 202-442-9828.

COMPLAINT VOLUME

Within days of the Mayor’s emergency declaration, OAG experienced a surge of complaints to its consumer hotline, email address, and online complaint portal. Chart 1 tracks the five-day rolling average of the number of consumer complaints OAG received from January 2020 through the present. OAG began receiving and tracking COVID-19 related complaints after the Mayor’s March 11 Order declaring a public health emergency.

Chart 1: Rolling Five-Day Average in Complaints



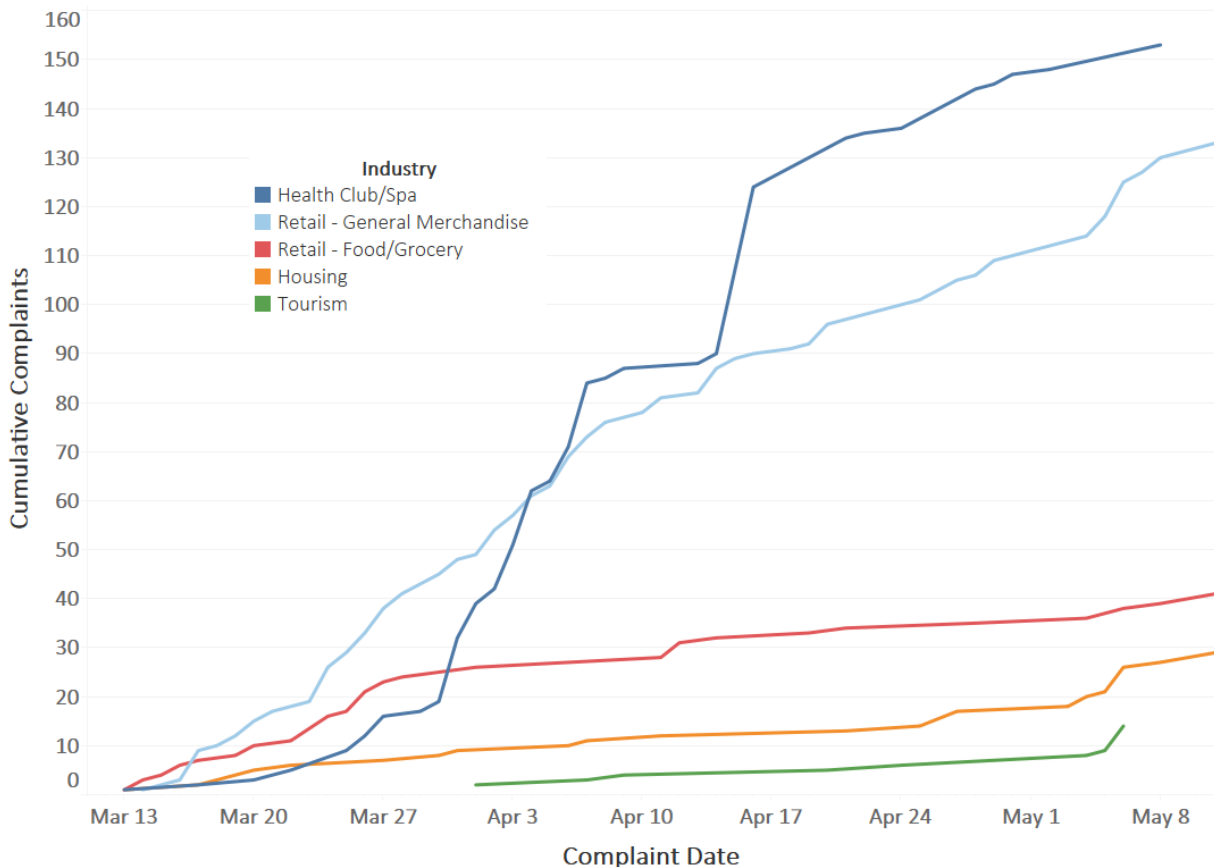
As shown in Chart 1, consumer complaints surged immediately following the Mayor’s Order. Complaints in March and April have more than doubled compared to complaints in January and February of this year. The five-day rolling average in complaints rose from 2-6 complaints prior to the public health emergency to a five-day rolling average high of nearly 18 complaints in early April.

Chart 1 also demonstrates that the uptick in complaints is due to COVID-19 related consumer complaints. Since the public health emergency, nearly 70% of the complaints received have been COVID-19 related. Over the past two months, OAG has received 634 complaints, of which 438 are COVID-19 related. In the first two months of 2020, by comparison, OAG received 245 complaints.

COMPLAINT CATEGORIES

OAG has received COVID-19 related complaints about a variety of industries concerning several different business practices. Consumers have filed complaints about inflated prices for bleach and other disinfectant products, sold by both online and local businesses. Consumers have also reported inflated prices for in-demand necessities such as toilet paper and paper towels, including one local business that was allegedly selling an 8-pack of paper towels for \$35.00. Consumers have submitted complaints about paying monthly membership fees at gyms, daycares, and parking garages, despite not being able to use those services due to coronavirus closures. Consumers have reported to OAG that the lack of flexibility in these membership expenses compound financial hardships for consumers who have lost income due to the pandemic. OAG has also received complaints from tenants reporting rent increases in violation of the Mayor’s Order. Tenants have also contacted OAG seeking refunds for amenities no longer offered by landlords. Chart 2 shows COVID-19 related consumer complaints by the top 5 industries reported.

Chart 2: Top 5 COVID-19 Related Complaints by Industry



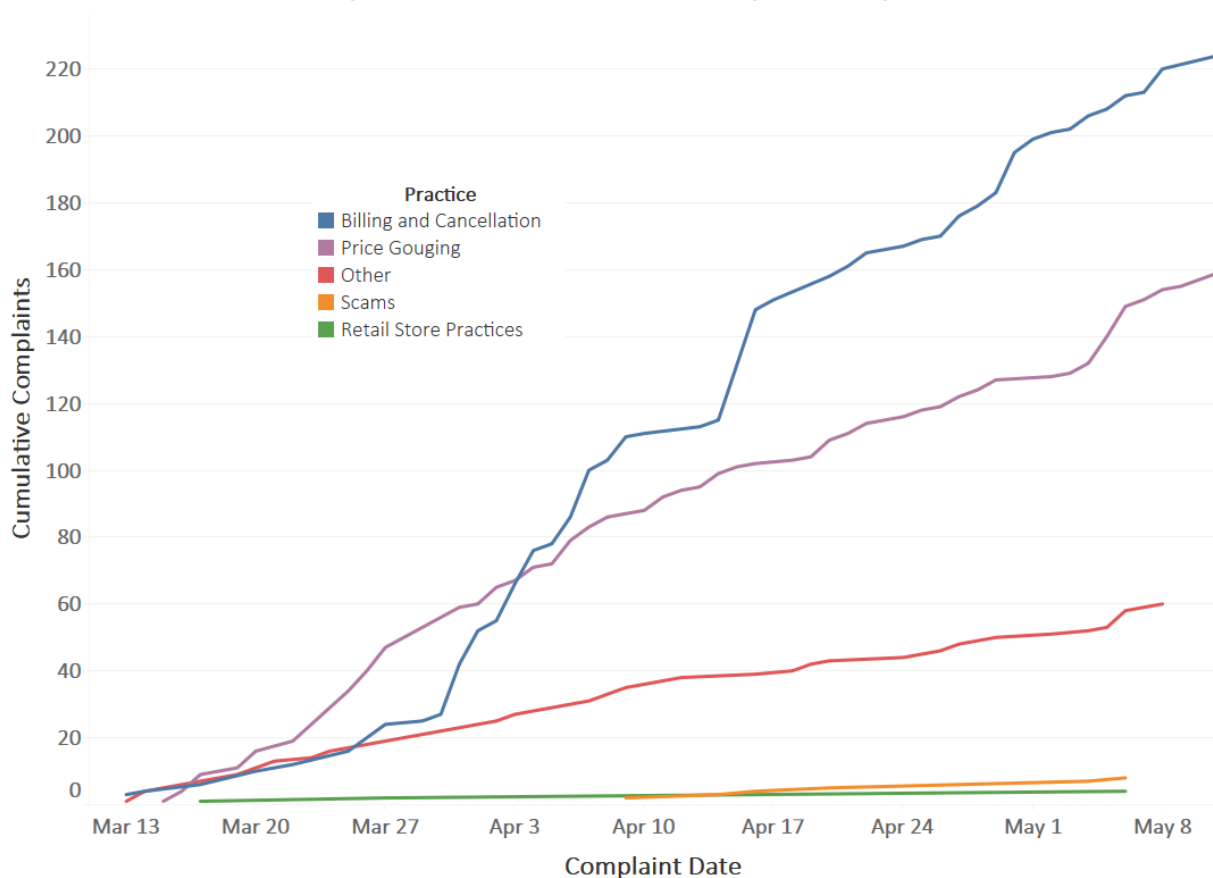
Notably, Health Club/Spa complaints represent about a third of all COVID-19 related consumer complaints submitted since the public health emergency began. This high number is largely attributable to the high volume of complaints OAG received regarding Washington Sports Clubs, a local gym chain. In response to these complaints, OAG sent [a letter](#) to the company on April 3 demanding it automatically freeze memberships at no cost and honor cancellation requests during the COVID-19 public health emergency. In late April, the company ultimately [agreed to stop](#) charging consumers for memberships they cannot use during coronavirus closures, among other measures.

Of all COVID-19 related consumer complaints, the retail industry also received a large number of complaints among Retail-General Merchandise (30%) and Retail-Food/Grocery (9%). As shown below in Chart 3, these numbers are largely driven by price gouging complaints received by OAG.

OAG has also seen a recent increase in travel-related complaints, which first started to be reported to OAG in early April 2020. Many of these complaints relate to cancellation and refund issues regarding travel-related purchases.

Chart 3 shows the top 5 COVID-19 related consumer complaints by the type of business practice reported.

Chart 3: Top 5 COVID-19 Related Complaints by Practice



As shown in Chart 3, the large majority of COVID-19 consumer complaints concern billing and cancellation issues (46%) and reports of price gouging (36%).

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. The billing and cancellation complaints received by OAG include, among other goods and services, gym memberships, travel purchases, and concert tickets.

The District's price gouging law, which is officially titled the Natural Disaster Consumer Protection Act, went into effect when Mayor Bowser declared a state of emergency on March 11. The law prohibits individuals or businesses from charging higher than the normal average retail price for goods and services. Specifically, the law prevents retailers from raising costs for services more than 10% above the price charged within 90 days before the declaration. For goods and merchandise, the law bars an increase in markup over wholesale costs above the markup percentage in place 90 days before the declaration.

Consumer complaints reporting instances of price gouging have remained steady during the public health emergency, averaging approximately 17 per week, for a total of 157 over the last two months. OAG has issued 23 cease and desist letters to merchants that were engaged in price gouging and filed its [first lawsuit](#) on May 1, 2020.

The complaint category "retail store practices" and "other" includes complaints regarding businesses not following social distancing guidelines or otherwise not following the government restrictions, that businesses are not carrying essential products, general disputes with businesses, and consumer complaints regarding businesses located outside of the District.

OAG has also received complaints regarding COVID-19 scams, including scam phone calls and texts offering discounts on utility payments, COVID-19 charity scams, and scams related to federal coronavirus relief payments.

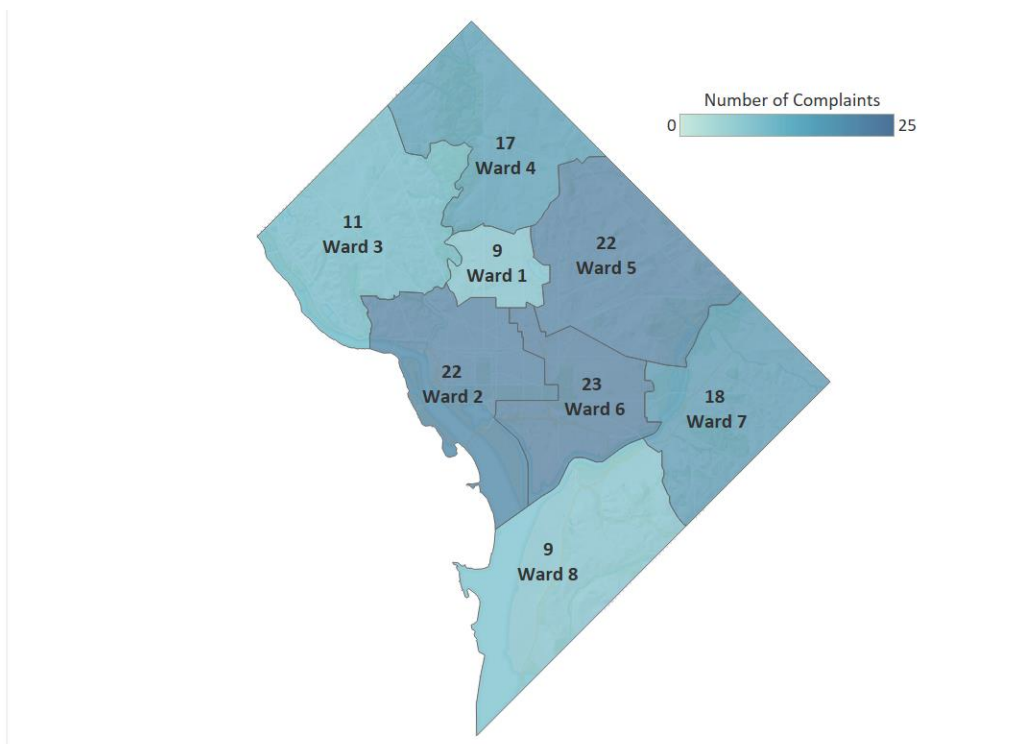
COMPLAINT GEOGRAPHY

The financial fall-out of this pandemic is felt most heavily by low-income communities, and disproportionately by people of color. OAG is thinking critically about solutions to make sure that the District's most vulnerable residents are not left behind. That starts with knowing how this crisis is impacting communities throughout the District.

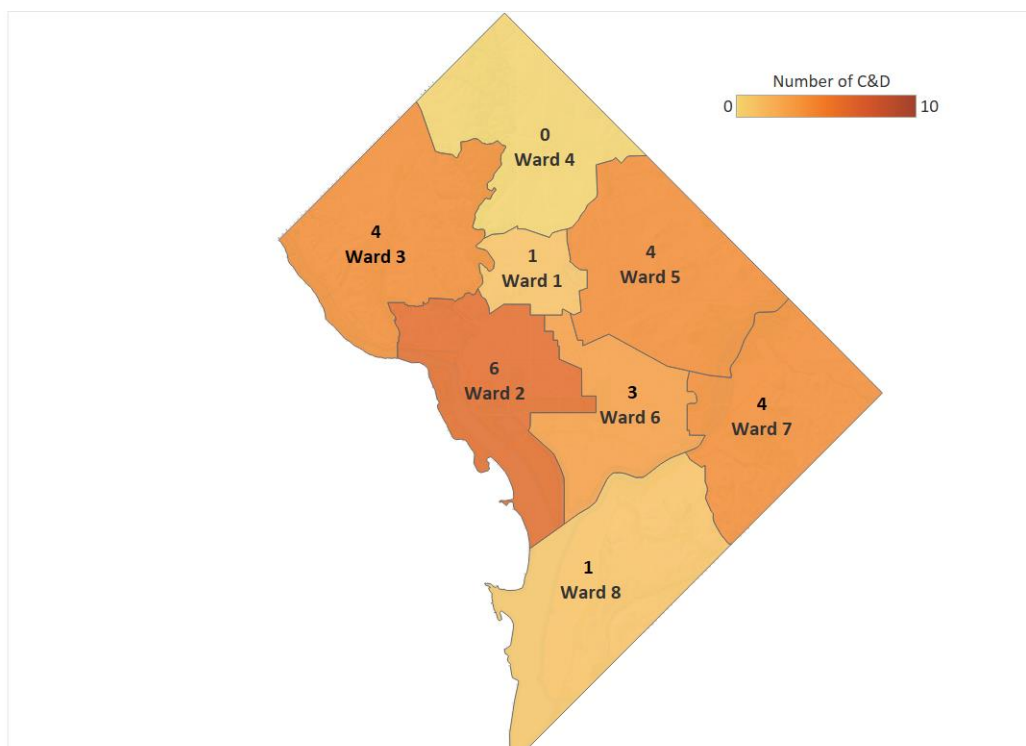
OAG has started to track COVID-19 complaints geographically. The geographic maps below reflect the location of businesses that were the subject of price gouging complaints submitted to OAG over the past two months and price gouging cease and desist letters OAG sent during the same time period. As shown below in Map 1, OAG has received complaints regarding businesses located throughout the District. And businesses in all wards except Ward 4 have received cease and desist letters, as indicated in Map 2.

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



Map 2: Price Gouging Cease and Desists



For more information about OAG's Office of Consumer Protection, visit:

<https://oag.dc.gov/consumer-protection>

For OAG's latest COVID-19 updates visit oag.dc.gov/coronavirus and sign up for OAG's newsletter at oag.dc.gov/newsletter.