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Bureau of Consumer Protection

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TooLate.Com: The Lowdown on Late Internet Shipments

Internet sales soared during last winter's holiday season, with many consumers lured by the ease and convenience of gift-shopping from home or work.

And although many were satisfied with their online shopping experiences, other consumers had their orders delivered far later than they'd been promised, and never got notification so they could cancel the order and buy from another company. Some got repeated promises — empty, as it turned out — that their shipments would arrive before the holidays.

These practices aren't just annoying: They're illegal. The Federal Trade Commission recently took action against seven e-tail violators in "Project TooLate.Com." As a result of the initiative, the e-tailers agreed to pay more than \$1.5 million in civil penalties or consumer redress and to abide by the FTC's Mail or Telephone Order Merchandise Rule in all future transactions.

The Rule requires all retailers, including e-tailers, to ship an order within the time stated in their ads or on their website when the order is placed. If a company doesn't promise an earlier time, it must ship the order within 30 days after receiving it.

If the company is unexpectedly unable to ship as promised, it is required to provide adequate notice to consumers. Notices must be sent to the buyer promptly, with a revised shipping date. The consumer must be allowed to agree to the delay or cancel the order and receive a prompt refund.

The Project TooLate.com e-tailers didn't do this. The FTC alleges that the e-tailers missed shipment deadlines for many holiday customers, failed to notify consumers of delays, and continued to promise timely deliveries even when huge backlogs of orders made it unlikely that the current orders would ship on time. In addition, some e-tailers cashed consumers' money orders or checks shortly after the orders were placed; in many cases, it was long before the shipments were made.

FTC attorney Heather Hipsley says these practices can erode consumer confidence in the electronic marketplace. "Consumers have quickly embraced e-commerce," she says, "but unless e-tailers deliver the same level of service and the same protections consumers receive when they shop offline, that confidence is likely to be short-lived."

She says that's why it's critical that retailers who offer their goods and services through the Internet meet their legal obligations.

"The bottom line is that when a company tells you it will ship your order in a specified time, it has to notify you promptly and inform you of your cancellation rights if it can't make good on its promise," Hipsley says. "And a company can't tell you that it's going to ship within a certain amount of time if it doesn't have a reasonable basis to believe it can."

Hipsley acknowledges that many of the companies involved in the FTC law enforcement action received many more orders than they anticipated. While most had the inventory they needed to fill the orders, problems with processing and fulfillment kept them from getting the shipments out the door.

In an effort to “make good” with their angry customers, some e-tailers offered discounts or gift certificates redeemable for future purchases.

Hippsey says while these goodwill gestures were taken into consideration in the amount of civil penalties sought, they don’t excuse violations of the law. “It’s important to hold e-tailers to the same standards as other retailers,” she says.

She encourages consumers who have had an unsatisfactory online shopping experience to contact the retailer first to try to resolve the problem. If that doesn’t work, she recommends taking future business elsewhere.

However, if the problem involves a legal violation, she encourages consumers to contact the Federal Trade Commission on its toll-free helpline at 1-877-FTC-HELP (TDD: 202-326-2502); using the online complaint form at ftc.gov, or writing: FTC, Consumer Response Center, Federal Trade Commission, 600 Pennsylvania Ave., NW, Washington, DC 20580.