

# FTC Warns 10 Companies About Their Consumer Reviews, Signaling Kickoff of Heightened Enforcement

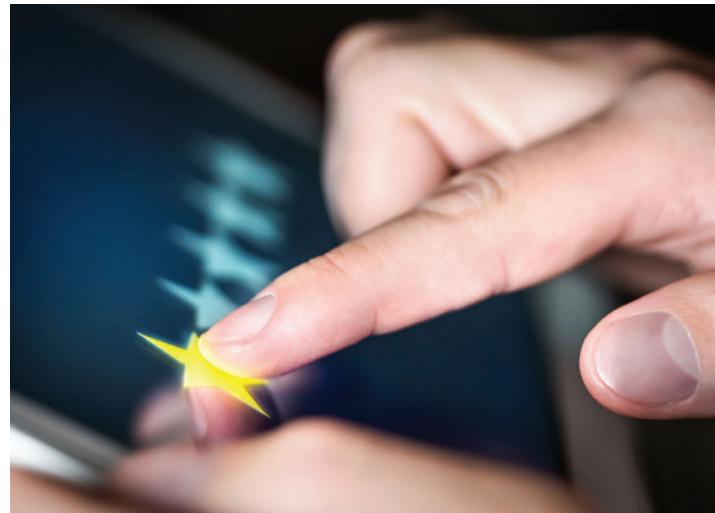
By Michael Gennaro

December 29, 2025

**T**he Federal Trade Commission has sent warning letters to 10 unidentified companies regarding potential violations of its year-old Consumer Review Rule, which bans fake reviews and the suppression of negative ones, and penalizes deceptive practices.

The agency said that it chose which businesses to contact based on consumer complaints and company-provided information. The letters put recipients on notice that violations could result in federal lawsuits and civil penalties of up to \$53,088 per violation.

The template for the letter states, "Based on information staff has reviewed, it has reason to believe that your company is violating or has violated the Consumer Review Rule. ... While this letter does not reflect a formal determination that you have violated the Consumer Review Rule, you are advised to immediately cease and desist any conduct that does not comply" with the rule.



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In a press release issued last week, Christopher Mufarrige, director of the FTC's Bureau of Consumer Protection, said the letters "signal the agency's readiness to enforce the rule as online reviews increasingly shape consumer purchasing decisions."

The FTC, then led by chair Lina Kahn, unanimously adopted the Consumer Review Rule in August 2024, and it went into effect in October 2024. While the agency already had the authority to target misleading review practices under

the Consumer Review Fairness Act of 2016 and other powers, the rule broadens those powers and enhances the agency's ability to collect civil penalties.

This client note issued last week by Crowell & Moring breaks down what constitutes a violation under the rule.

The note urges businesses using consumer reviews to self-audit their practices and provide employee training on the rule's requirements. It also recommends that businesses update internal policies and monitor any third parties they work with in the review space to ensure they're in compliance.

"Early attention to compliance will help reduce enforcement risks and foster greater trust with consumers in an increasingly regulated

online marketplace," the Crowell and Moring note says.

The FTC in recent years has racked up a handful of headline-grabbing settlements with businesses it accused of employing misleading review practices. For example, in 2022 the fashion retailer Fashion Nova agreed to refund consumers \$4.2 million after the agency alleged it suppressed negative reviews on its website, featuring only those giving it at least four out of five stars.

In 2019, the FTC reached a string of settlements with companies, including National Floors Direct, that included language in their business contracts that barred the signer from disparaging the business in any manner, including by posting online reviews.