Enforcement Alert from Hudson Cook: FTC Settles with Grocery Delivery Provider Over Deceptive Advertising and Subscription Practices, $60 Million in Consumer Refunds

December 22nd, 2025 | Lucy Morris and Tracy Wang

HIGHLIGHTS:

- Federal Trade Commission ("FTC") secured a $60 million settlement with an online grocery delivery provider requiring the company to pay consumer refunds and discontinue deceptive practices.
- This case reflects the FTC's continued focus on price transparency, challenging claims such as "free delivery" where the provider imposed a mandatory service fee on deliveries.
- The order will terminate after 10 years, contrary to longstanding FTC practice to not sunset court orders, though it aligns with the terms of a recent FTC settlement with the world's largest online retailer. It is unclear whether this reflects a policy change or simply a compromise by the agency in exchange for large settlements.

CASE SUMMARY:

On December 18, 2025, the FTC announced a settlement with a grocery delivery provider ("Company") over allegations of false adverting, failure to issue promised refunds, and unlawful subscription practices. Under the settlement, the Company agreed to pay $60 million in consumer refunds and discontinue the practices.

According to the complaint, the Company violated the FTC Act by engaging in deceptive acts or practices, which include misrepresenting or making deceptive omissions of material facts. The FTC alleged that the Company advertised "free delivery" for first-time purchases through the Company's platform but in fact required consumers to pay a mandatory service fee for the delivery. The Company also advertised a "100% satisfaction guarantee," which the FTC said implied that the Company would provide full refunds when consumers were not fully satisfied. However, in some instances complaining consumers were not offered full refunds. Additionally, the Company failed to disclose or adequately disclose that consumers could receive a refund by contacting customer service.

The FTC also alleged that the Company violated the Restore Online Shoppers' Confidence Act for advertising and selling subscription services through a negative option feature. A negative option feature is a provision under which the consumer's silence or failure to take an affirmative action to reject goods and services or to cancel the agreement is interpreted by the seller as acceptance of the offer. While such feature is permitted, the seller must provide required disclosures of material terms of the transaction, obtain consumers' express informed consent and provide a simple mechanism for consumers to stop recurring charges.

The Company allegedly failed to clearly and conspicuously disclose material terms of the transaction before obtaining consumer billing information, including that consumers were being enrolled in an automatically renewed paid subscription, when consumers would be charged, and the terms under which consumers could receive refunds. The FTC also alleged that the Company failed to obtain the consumer's express informed consent before charging the consumer.

Without admitting any wrongdoing, the Company agreed to not misrepresent the costs of delivery services and the consumer's ability to receive a refund when the consumer is not satisfied with the purchase. It also agreed to provide clear disclosures about the negative option feature and to obtain consumers' express informed consent before charging the consumer. The Company agreed to pay $60 million for consumer relief. The order will remain in effect for 10 years.

RESOURCES:

You can review all of the relevant administrative filings and press releases at the FTC's Enforcement Page.

- Complaint
- Proposed Order
- Press Release

Enforcement Alerts by Hudson Cook, LLP, written by the attorneys in the firm's Government Investigations, Examinations and Enforcement and Litigation practice groups, are provided to keep you informed of federal and state government enforcement actions and related actions that may affect your business. Please contact our attorneys if you have any questions regarding this Alert. You may also view articles, register for an upcoming CFS Bites monthly webinar, or request a past webinar recording on our website.