PROTECT BORROWERS

August 7, 2026

New York City Department of Consumer and Worker Protection

Re: Proposed Junk Fee Rule

Protect Borrowers submits this comment in support of the Department of Consumer and Worker Protection's (DCWP) proposed new rule that prohibits charging consumers hidden junk fees.[1] Protect Borrowers (formerly Student Borrower Protection Center) is a team of experts, lawyers, and advocates fighting to build an economy where debt doesn't limit opportunity. We investigate financial abuses, take predatory companies to court, and push for policies to protect working people from debt traps. We aim to deliver immediate relief to families while building power and driving systemic change.

New Yorkers are struggling to afford everyday necessities.

Unaffordability of basic goods and services is currently a crisis for the average American consumer. Americans now owe more than $18.5 trillion in total debt - more than at any other point in history.[2] This amount encompasses a broad range of debt, including credit card debt, utility debt, and debt to cover monthly rent.[3] American families are increasingly turning to alternative financing products just to get by, as documented in a September 2025 poll by Protect Borrowers and the Groundwork Collaborative.[4] A follow-up 2026 poll found that four in ten of the people surveyed used alternative financing products, including for essentials like groceries and housing costs.[5] In May 2026, Protect Borrowers and the Century Foundation launched Affordable NYC Now, a collaborative project offering data about - and solutions to - the affordability crisis in New York City. Residents of NYC, particularly those in the outer boroughs, are experiencing skyrocketing auto loan payments, credit card payments, and monthly debt repayment burdens.[6]

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[1] *Notice of Public Hearing and Opportunity to Comment on Proposed Rules,* New York City Department of Consumer and Worker Protection (July 2026), https://rules.cityofnewyork.us/wp-content/uploads/2026/07/DCWP-NOH-Rules-Relating-to-Junk-Fees.pdf.

[2] *American Families are Trapped in a Cycle of Debt, More Rely on Credit to Cover Rent, Utility Bills, Basic Necessities*, Protect Borrowers (Sept. 9, 2025), https://protectborrowers.org/dfp-groundwork-protectborrowers_debt-poll_sept-2025/; *see also A Loan in Every Cart: How BNPL Lenders Take Advantage of Americans' Financial Desperation and a Case for a BNPL Borrower Bill of Rights*, Protect Borrowers (July 2026), https://protectborrowers.org/wp-content/uploads/2026/07/BNPL-Report.pdf.

[3] *Id*.

[4] *Id*.

[5] *Poll: 4 in 10 Voters Use BNPL, Including on Essentials Like Groceries and Housing*, Protect Borrowers (July 2026), https://protectborrowers.org/resource/buy-now-pay-later-polling-july-2026/.

[6] *Affordable NYC Now*, Protect Borrowers & The Century Foundation (May 2026), https://protectborrowers.org/resource/affordable-nyc-now/.

Now more than ever, New Yorkers simply cannot afford added and unnecessary fees that accomplish nothing but draining their wallets. Protect Borrowers urges DCWP to adopt its proposed rule concerning hidden junk fees and provide New Yorkers with the legal protections that they deserve.

Hidden junk fees impose a huge financial burden on consumers.

Hidden junk fees impose a huge financial burden on New York families, totalling, by some estimates, tens of billions of dollars per year.[7] These fees do not correspond to specific costs incurred by the sellers of goods or services, nor do they correspond to specific benefits received by the purchasers; they are often imposed at the very end of a transaction for no purpose other than to extract as much money as possible from the consumer. It is no accident that these fees are hidden until late in the game: companies imposing junk fees know that a consumer who has made it all the way to the end of a purchase is likely to go through with that purchase even when it costs more than originally anticipated. By tacking on fees at the very end of transactions, sellers and companies maximize the likelihood that consumers, having already made the mental calculation of whether a purchase is worth it, will complete the transactions despite the inflated price. Finally, the last-minute imposition of junk fees deprives New Yorkers of the information they need to make informed decisions and prevents effective comparison shopping, undermining competition in the marketplace.

Hiding the true cost of a product by imposing hidden junk fees is an unlawful practice under New York City and New York State law.

New York City law prohibits engaging in "deceptive or unconscionable trade practice in the sale, lease, rental or loan or in the offering for sale, lease, rental, or loan of any consumer goods or services."[8] Any false or misleading statement that has the tendency or capacity to deceive or mislead consumers is deceptive, and any act or practice that unfairly takes advantage of a consumer's lack of knowledge is unconscionable (provided DCWP promulgate regulations declaring such a practice unconscionable).[9] Under New York state law, "[u]nfair, deceptive, or abusive acts or practices in the conduct of any business, trade or commerce or in the furnishing of any service" are unlawful.[10] It is well-established under state and federal law that hiding the true price of a product is a deceptive practice.[11] But DCWP's proposed rule provides an

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[7] *The Hidden Cost of Junk Fees*, Consumer Financial Protection Bureau (Feb. 2, 2022), https://www.consumerfinance.gov/archive/blog/hidden-cost-junk-fees/.
[8] N.Y.C. Admin. Code § 20-700.
[9] N.Y.C. Admin. Code § 20-701.
[10] N.Y. Gen. Bus. Law § 349.
[11] *Attorney General James and Bipartisan Coalition Urge FTC to Address Deceptive Rental Fees*, Office of the New York Attorney General (Apr. 13, 2026), https://ag.ny.gov/press-release/2026/attorney-general-james-and-bipartisan-coalition-urge-ftc-address-deceptive; *FTC Rule on Unfair or Deceptive Fees to Take Effect on May 12, 2025*, Federal Trade Commission (May 5, 2025),

additional enforcement tool while making it clear to companies selling goods and services to residents of NYC that hidden junk fees will not be tolerated. This is especially important as the junk fees at issue are just one type of a broad range of harmful practices related to price setting, transparency, surveillance, and discounting, many of which are unlawful.[12]

Price transparency in more places gives consumers better control over their money.

Hidden junk fee bans have been successfully enacted in several states, including Massachusetts,[13] California,[14] and Minnesota[15]. As more and more consumer transactions are conducted online, regardless of state and city limits, hidden junk fee bans in any location help protect consumers across the country. The more cities and states that explicitly prohibit junk fees, the more sellers of goods and services are likely to preemptively comply and offer complete price transparency to their consumers (as required by law). As the biggest city in the nation, New York City has the opportunity to lead the way at the municipal level, protecting New York's consumers from hidden junk fees and establishing a model that other cities can follow.

The proposed rule's record retention requirements are critical to ensuring transparency and compliance.

The proposed rule requires sellers of goods and services to maintain records that establish the nature, purpose, and amount of any fee or charge included in the price of the good or service, and sellers would have to make these records available to DCWP upon request.[16] This record retention requirement is important because accountability mechanisms for violations are vital to the proposed rule's success. Misleading, misrepresentative, and opaque fees created the need for the proposed rule in the first place; DCWP must have the ability to obtain records establishing that seemingly-legitimate fees or charges do, in fact, serve a lawful purpose.

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https://www.ftc.gov/news-events/news/press-releases/2025/05/ftc-rule-unfair-or-deceptive-fees-take-effect-may-12-2025.

[12] *See*, *e.g.*, Stephanie T. Nguyen & Adam Teitelbaum, *Dissecting the "Discount,"* Division of Field Notes (June 24, 2026), https://divfn.substack.com/p/dissecting-the-discount; Samuel A.A. Levine & Stephanie T. Nguyen, *The Loyalty Trap: How Loyalty Programs Hook Us with Deals, Hack Our Brains, and Hike Our Prices*, Vanderbilt Policy Accelerator (Oct. 2025), https://cdn.vanderbilt.edu/vu-URL/wp-content/uploads/sites/412/2025/10/17195957/The-Loyalty-Trap.pdf; Stephanie T. Nguyen, *Walmart Rollbacks & Fragmented Reference Prices*, Division of Field Notes (June 25, 2026), https://divfn.substack.com/p/walmart-rollbacks-and-fragmented; Stephanie T. Nguyen & Shaoul Sussman, *The Degradation of Prices: Platform Power, the Erosion of Price Comparison, and Rebuilding Comparison Shopping in the Digital Economy*, Seton Hall Law Review (2026), https://scholarship.shu.edu/cgi/viewcontent.cgi?article=3940&context=shlr.

[13] 940 CMR 38.00.

[14] Section 1770(a)(29) of the California Civil Code;

[15] Minn. Stat. Ann. § 325D.44(1a)

[16] *Notice of Public Hearing and Opportunity to Comment on Proposed Rules,* New York City Department of Consumer and Worker Protection (July 2026), https://rules.cityofnewyork.us/wp-content/uploads/2026/07/DCWP-NOH-Rules-Relating-to-Junk-Fees.pdf.

Conclusion

DCWP has the opportunity to lead the charge on banning hidden junk fees at the municipal level. Requiring sellers to give New Yorkers clear, transparent prices benefits not just consumers - who will have the information they need to make informed choices - but the state of healthy competition in the marketplace. DCWP should seize the moment and adopt its proposed rules concerning hidden junk fees.

If you have any questions about this comment or to discuss the proposed rule further, please contact Laura C. Dismore, Senior Counsel with Protect Borrowers, at laura@protectborrowers.org.