



FEDERAL TRADE COMMISSION
PROTECTING AMERICA'S CONSUMERS

Contact | Stay Connected | Privacy Policy | FTC en español

ABOUT THE FTC | NEWS & EVENTS | ENFORCEMENT | POLICY | TIPS & ADVICE | I WOULD LIKE TO...

[Home](#) » [News & Events](#) » [Press Releases](#) » CarMax and Two Other Dealers Settle FTC Charges That They Touted Inspections While Failing to Disclose Some of the Cars Were Subject to Unrepaired Safety Recalls

CarMax and Two Other Dealers Settle FTC Charges That They Touted Inspections While Failing to Disclose Some of the Cars Were Subject to Unrepaired Safety Recalls

Commission also finalizes orders against GM and two other sellers

FOR RELEASE

December 16, 2016

TAGS: [Automobiles](#) | [Bureau of Consumer Protection](#) | [Consumer Protection](#)

CarMax Inc. and two other major used auto retailers have agreed to settle Federal Trade Commission charges that they touted how rigorously they inspect their used cars, yet failed to adequately disclose that some of the cars were subject to unrepaired safety recalls. The proposed consent orders will prohibit them from making unqualified inspection or safety-related claims about their used vehicles if any are subject to open, or unrepaired, safety recalls.

Also, following a public comment period, the Commission has approved final consent orders in similar cases against [General Motors Company](#), [Jim Koons Management](#), and [Lithia Motors Inc.](#) that were settled earlier this year.

The FTC's [complaint against Virginia-based CarMax](#) cites its claims about rigorous used car inspections, including its "125+ Point Inspection" and that its cars undergo, on average, "12 hours of renewing – sandwiched between two



EVENTS CALENDAR

Related Cases

[Asbury Automotive Group, Inc., In the Matter of](#)

[West-Herr Automotive Group, Inc., In the Matter of](#)

[CarMax, Inc., In the Matter of](#)

[Jim Koons Management Company, In the Matter of](#)

[Lithia Motors, Inc., In the Matter of](#)

[General Motors LLC, In the Matter of](#)

Related Resources

[Statement of the Commission](#)

For Consumers

[Blog: What Car Dealers Didn't Say About Their Inspections](#)

[Buying a Used Car](#)

meticulous inspections.” The complaint also notes a TV commercial touting a team inspection and reconditioning, which included a message that appears for three seconds in tiny type at the bottom of the screen stating, “Some CarMax vehicles are subject to open safety recalls.” Despite highlighting their inspections, the FTC alleges that CarMax failed to adequately disclose that some of the cars had open recalls. These recalls included defects that could cause serious injury, including the GM key ignition switch defect, as well as the Takata airbag defect.

Similarly, the FTC’s [complaint against Georgia-based Asbury Automotive Group](#), which also does business as Coggin Automotive Group and Crown Automotive Group, alleges that the company made claims such as: “Every Coggin Certified used car or truck has undergone a 150 point bumper-to-bumper inspection by Certified mechanics. We find and fix problems – from bulbs to brakes – before offering a vehicle for sale.” However, as alleged, the company advertised some certified used vehicles without adequately disclosing that some of the cars were subject to open recalls, including one that could cause fuel to leak and the engine to misfire or stall, and one that could cause a car to move in an unexpected or unintended direction.

The FTC’s [complaint against West-Herr Automotive Group](#), the largest auto group in New York, cites claims about vehicles backed by the “West-Herr Guarantee” and touting a “rigorous multi-point inspection with our factory trained technicians.” However, the complaint alleges again that the company failed to properly disclose that some of the vehicles were subject to recalls for defects that could result in serious injury.

Under the proposed consent orders, [CarMax](#), [Asbury](#), and [West-Herr](#) are prohibited from claiming that their used vehicles are safe, have been repaired for safety issues, or have been subject to an inspection for safety-related issues, unless they are free of open recalls, or the companies clearly and conspicuously disclose that their vehicles may be subject to unrepaired recalls for safety issues and explain how consumers can determine whether a vehicle is subject to a recall for a safety issue that has not been repaired, and the claims are not otherwise misleading.

The proposed orders also would prohibit the companies from misrepresenting whether there is or is not an open recall for safety issues for any used motor vehicle, whether they repair such vehicles, and any other material fact about the safety of the used vehicles they advertise for sale. The proposed orders also would require the companies to inform recent customers, by mail, that vehicles they bought as far back as July 1, 2013, may be subject to open recalls.

In a [Commission Statement regarding the six auto recall advertising cases](#), the Commission notes that its orders “will help empower consumers to make more informed and safer purchasing decisions in a market that, absent a change in federal law, continues to include cars subject to open recalls.” The Commission vote to issue the statement was 3-0.

The Commission vote to issue the administrative complaints against CarMax, Asbury Automotive Group, and West-Herr Automotive Group and to accept the consent agreements was 3-0. The FTC will publish a description of each consent agreement package in the Federal Register shortly. The agreements will be subject to public comment for 30 days, beginning today and continuing through

For Businesses

[Blog: FTC to car dealers: When making inspection claims, recall recalls](#)

[Automobiles](#)

Media Resources

Our [Media Resources](#) library provides one-stop collections of materials on numerous issues in which the FTC has been actively engaged. These pages are especially useful for members of the media.

January 17, 2017, after which the Commission will decide whether to make the proposed consent orders final. Interested parties can submit comments electronically for [CarMax](#), [Asbury Automotive Group](#) and [West-Herr Automotive Group](#) by following the instructions in the “Invitation To Comment” part of the “Supplementary Information” section.

The Commission vote approving the final consent orders against GM, Jim Koons Management and Lithia Motors, and [letters to commenters](#) was 3-0.

NOTE: The Commission issues an administrative complaint when it has “reason to believe” that the law has been or is being violated, and it appears to the Commission that a proceeding is in the public interest. When the Commission issues a consent order on a final basis, it carries the force of law with respect to future actions. Each violation of such an order may result in a civil penalty of up to \$40,000.

Today’s actions underscore the FTC’s continuing efforts to protect consumers from deceptive advertising in the auto marketplace. Since 2012, the FTC has brought more than 40 actions protecting consumers in auto-related transactions. Consumers should read the FTC’s [Buying A Used Car](#) and the [Used Car Buyer’s Guide](#), which offer car buying tips and suggest visiting the National Highway Traffic Safety Administration’s [SaferCar.gov](#) to determine if the vehicle they are considering buying, or own, has an unrepaired safety recall.

The Federal Trade Commission works to promote competition, and [protect and educate consumers](#). You can [learn more about consumer topics](#) and file a [consumer complaint online](#) or by calling 1-877-FTC-HELP (382-4357). Like the FTC on [Facebook](#), follow us on [Twitter](#), read our [blogs](#) and [subscribe to press releases](#) for the latest FTC news and resources.

PRESS RELEASE REFERENCE:

[GM, Jim Koons Management, and Lithia Motors Inc. Settle FTC Actions Charging That Their Used Car Inspection Program Ads Failed to Adequately Disclose Unrepaired Safety Recalls](#)

CONTACT INFORMATION

MEDIA CONTACT:

Frank Dorman
Office of Public Affairs
202-326-2674

ABOUT THE FTC

What We Do
Our History
Commissioners
Bureaus & Offices

NEWS & EVENTS

Press Releases
Commission Actions
Media Resources

ENFORCEMENT

Cases and Proceedings
Premerger Notification Program

POLICY

Advocacy
Advisory Opinions
Cooperation Agreements
Federal Register

FEDERAL TRADE COMMISSION

Headquarters:
600 Pennsylvania Avenue, NW
Washington, DC 20580
Contact Us