



November 19, 2014

**VIA REGULAR MAIL AND EMAIL**

Attorney General George Jepsen  
State of Connecticut  
55 Elm Street  
Hartford, CT 06106  
[REDACTED]

Commissioner William M. Rubenstein  
Connecticut Department of Consumer Protection  
165 Capitol Avenue  
Hartford, CT 06106  
[REDACTED]

Re: Bob's Discount Furniture's Deceptive Advertising of "Interest Free" Financing

Dear Attorney General Jepsen and Commissioner Rubenstein:

I am writing to you on behalf of Truth in Advertising, Inc. (TINA.org), a nonprofit consumer advocacy organization based in Madison, Connecticut dedicated to protecting consumers from deceptive advertising. I write to inform you that we have received several consumer complaints regarding Connecticut-based company Bob's Discount Furniture's point-of-sale advertising of its "interest free" financing.

Specifically, consumers have told us that three critical pieces of information are not made clear prior to making purchases:

- **Back-Charged Interest.** Consumers do not understand that if the balance is not paid off in full by the selected time period (either 6 or 12 months), interest will be back-charged from the date of purchase.
- **High-Interest Rate.** Consumers do not know that if the balance is not paid off in full by the deadline, the interest rate imposed from the date of purchase will be 27.99%.
- **Monthly Bills Leave Consumers in the Red.** Consumers are not made aware that in order to pay the balance off in full in the required time period

and avoid interest charges, consumers must pay in excess of the monthly bills they receive.

The details of one complaining consumer's experience is explained in TINA.org's May 6, 2013 post, available at <https://www.truthinadvertising.org/interest-charge-hidden-in-plain-sight/>. Since posting this story, we have received additional consumer complaints regarding the same issue.

In addition to complaints received from consumers, TINA.org staff visited three separate Bob's Discount Furniture stores and their experience corroborates what consumers have reported.<sup>1</sup>

First, all three stores visited by TINA.org staff displayed signs that deceptively promote Bob's interest-free financing. One store displays signs that state "KEEP YOUR MONEY IN YOUR PIGGY BANK... TAKE ADVANTAGE OF BOB'S INTEREST FREE FINANCE" without providing any information whatsoever regarding the important conditions of the offer.



Moreover, all three stores visited by TINA.org staff displayed signs that advertise "2 EASY WAYS TO GIMMICK-FREE FINANCING!" without clearly or conspicuously disclosing the terms of the financing. Tucked away in the fine print of this sign (image below) is the provision that interest will be charged from the purchase date if the balance is not paid in full within the promotional period, but given the placement and small size of this information, it is easily ignored by consumers.

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<sup>1</sup> TINA.org staff spoke with sales representatives from the Bridgeport, Orange, and Niantic, CT stores in October 2014. It should be noted that Bob's advertising of its interest free financing appears to be

Further, the sign completely omits the need to pay more than the monthly statement amount in order to avoid accruing interest of 27.99%.



We contacted Bob's directly about these marketing issues in September 2014, explained that such a failure to clearly and conspicuously disclose these key terms of the financing offer is deceptive and in violation of Connecticut state law,<sup>2</sup> as well as federal law, and requested that the company make timely changes to its marketing (and notify us of those changes).<sup>3</sup> Though the company responded and provided some material for us to review,<sup>4</sup> it does not appear that the company has made any changes to its point-of-sale marketing of its interest-free financing.

<sup>2</sup> See, e.g., Connecticut Truth-in-Lending Act, Conn. Gen. Stat. § 36a-676 *et seq.*

<sup>3</sup> See Ltr from L. Smith to R. Kaufman and T. English, dated Sept. 22, 2014 (Exhibit A).

<sup>4</sup> See e-mail from J. Sullivan, dated Oct. 2, 2014 (Exhibit B); see also Ltr from L. Smith to J. Sullivan, dated Oct. 27, 2014 (Exhibit C).

As your offices are surely aware, interest-free financing is very attractive to consumers, particularly those who are making purchases on a tight budget, and the failure to adequately disclose the requirements for successfully obtaining the financing without incurring interest charges can have serious consequences for consumers. We urge your offices to move quickly in order to halt Bob's deceptive marketing and to protect consumers from this form of deception.

If you have any questions, please do not hesitate to contact me directly.

Sincerely,



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Cc: John J. Sullivan, Bob's Discount Furniture